

**Supplement No. 2**  
**(To Prospectus Supplement dated August 22, 2005)**

**\$1,750,086,348**



**Guaranteed REMIC Pass-Through Certificates**  
**Fannie Mae REMIC Trust 2005-88**

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This is a supplement to the prospectus supplement dated August 22, 2005 (the "Prospectus Supplement"). If we use a capitalized term in this supplement without defining it, you will find the definition of that term in the Prospectus Supplement.

Notwithstanding anything set forth in the first sentence of the second paragraph under the heading "Description of the Certificates—Distributions of Interest—*General*," in the case of the first Interest Accrual period, we will pay only 26 days' interest on the A Class.

**Carefully consider the risk factors starting on page S-11 of the Prospectus Supplement and on page 10 of the REMIC Prospectus. Unless you understand and are able to tolerate these risks, you should not invest in the certificates.**

The certificates, together with any interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any of its agencies or instrumentalities other than Fannie Mae.

The certificates are exempt from registration under the Securities Act of 1933 and are "exempt securities" under the Securities Exchange Act of 1934.

**Goldman, Sachs & Co.**

The date of this Supplement is October 13, 2005

Supplement  
(To Prospectus Supplement dated August 22, 2005)

**\$1,750,086,348**



**Guaranteed REMIC Pass-Through Certificates  
Fannie Mae REMIC Trust 2005-88**

This is a supplement to the prospectus supplement dated August 22, 2005 (the "Prospectus Supplement"). If we use a capitalized term in this supplement without defining it, you will find the definition of that term in the Prospectus Supplement.

Notwithstanding anything set forth on the cover of the Prospectus Supplement, the original class balances of the Group 2 Classes are as follows:

A .....	\$250,086,348
IP .....	\$250,086,348*

\* Notional balance

**Carefully consider the risk factors starting on page S-11 of the Prospectus Supplement and on page 10 of the REMIC Prospectus. Unless you understand and are able to tolerate these risks, you should not invest in the certificates.**

The certificates, together with any interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any of its agencies or instrumentalities other than Fannie Mae.

The certificates are exempt from registration under the Securities Act of 1933 and are "exempt securities" under the Securities Exchange Act of 1934.

**Goldman, Sachs & Co.**

The date of this Supplement is September 27, 2005

**\$1,750,000,000 (Approximate)**



**Guaranteed REMIC Pass-Through Certificates  
Fannie Mae REMIC Trust 2005-88**

**The Certificates**

We, the Federal National Mortgage Association (Fannie Mae), will issue the classes of certificates listed in the chart on this page.

**Payments to Certificateholders**

We will make monthly payments on the certificates. You, the investor, will receive

- interest on the balance of your certificate to the extent described in this prospectus supplement (except in the case of the accrual classes), and
- principal to the extent available for payment on your class.

We may pay principal at rates that vary from time to time. We may not pay principal to certain classes for long periods of time.

**The Fannie Mae Guaranty**

We will guarantee that payments of principal and interest on the certificates are distributed to investors on time. In the case of the Group 2 Classes these payments will be subject to certain limitations as described in this prospectus supplement.

**The Trust and its Assets**

The trust will own

- Fannie Mae MBS and
- a non-interest bearing cash deposit of approximately \$330,000.

The mortgage loans underlying the Fannie Mae MBS are first lien, single-family, fixed-rate and adjustable-rate loans.

Class	Group	Original Class Balance	Principal Type	Interest Rate	Interest Type	CUSIP Number	Final Distribution Date
VA(1)	1	\$ 54,393,000	SEQ/AD	5.0%	FIX	31394UDN9	October 2016
VB(1)	1	95,607,000	SEQ/AD	5.0	FIX	31394UDP4	November 2027
ZC(1)	1	75,000,000	SEQ	5.0	FIX/Z	31394UAB8	October 2035
PG(1)	1	350,640,000	PAC	4.5	FIX	31394UDQ2	September 2024
PI(1)	1	35,064,000(2)	NTL	5.0	FIX/IO	31394UDR0	September 2024
PB(1)	1	228,268,000	PAC	5.0	FIX	31394UDS8	December 2029
PC(1)	1	72,579,000	PAC	5.0	FIX	31394UDT6	April 2031
PD(1)	1	87,237,000	PAC	5.0	FIX	31394UDU3	September 2032
WD(1)	1	204,710,000	PAC/AD	5.0	FIX	31394UDV1	April 2033
WZ(1)	1	6,000	PAC	5.0	FIX/Z	31394UDW9	April 2033
QZ(1)	1	6,000	SUP	5.0	FIX/Z	31394UDX7	November 2033
QO(1)	1	30,141,273	SUP/AD	(3)	PO	31394UDY5	November 2033
QF(1)	1	221,036,000	SUP/AD	(4)	FLT	31394UDZ2	November 2033
QS(1)	1	80,376,727	SUP/AD	(4)	INV	31394UEA6	November 2033
A	2	250,000,000(5)	SEQ	(4)	FLT/AFC/PZ	31394UEB4	October 2035
IP	2	250,000,000(2)(5)	CPT	(6)	CPT/PZ	31394UEC2	October 2035
R		0	NPR	0	NPR	31394UED0	October 2035
RL		0	NPR	0	NPR	31394UEE8	October 2035

- (1) Exchangeable classes.
- (2) Notional balances.
- (3) Principal only class.

- (4) Based on LIBOR.
- (5) Subject to a variance of plus or minus 5%.
- (6) The IP1 Component is an interest only component. The IP2 Component is a principal only component.

If you own certificates of certain classes, you can exchange them for the corresponding RCR certificates to be issued at the time of the exchange. The PH, PA, WM, BK, GS, T and SQ Classes are the RCR classes, as further described in this prospectus supplement.

The dealer will offer the certificates (other than the PG, PI, PB, PC and PD Classes) from time to time in negotiated transactions at varying prices. We expect the settlement date to be September 29, 2005. Fannie Mae initially will retain the PG, PI, PB, PC and PD Classes.

**Carefully consider the risk factors starting on page S-11 of this prospectus supplement and on page 10 of the REMIC prospectus. Unless you understand and are able to tolerate these risks, you should not invest in the certificates.**

You should read the REMIC prospectus as well as this prospectus supplement.

The certificates, together with interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof other than Fannie Mae.

The certificates are exempt from registration under the Securities Act of 1933 and are "exempted securities" under the Securities Exchange Act of 1934.

**Goldman, Sachs & Co.**

The date of this Prospectus Supplement is August 22, 2005.

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## AVAILABLE INFORMATION

You should purchase the certificates only if you have read and understood this prospectus supplement and the following documents (the “Disclosure Documents”):

- our Prospectus for Fannie Mae Guaranteed REMIC Pass-Through Certificates dated May 1, 2002 (the “REMIC Prospectus”);
- our Prospectus for Fannie Mae Guaranteed Mortgage Pass-Through Certificates (Single-Family Residential Mortgage Loans) dated July 1, 2004 (the “MBS Prospectus”); and
- any information incorporated by reference in this prospectus supplement as discussed below under the heading “Incorporation by Reference.”

You can obtain copies of the Disclosure Documents by writing or calling us at:

Fannie Mae  
MBS Helpline  
3900 Wisconsin Avenue, N.W., Area 2H-3S  
Washington, D.C. 20016  
(telephone 1-800-237-8627).

In addition, the Disclosure Documents, together with the class factors, are available on our corporate Web site at [www.fanniemae.com](http://www.fanniemae.com).

You also can obtain copies of the Disclosure Documents by writing or calling the dealer at:

Goldman, Sachs & Co.  
Prospectus Department  
85 Broad Street, Concourse Level  
New York, New York 10004  
(telephone 212-902-1171).

## INCORPORATION BY REFERENCE

In this prospectus supplement, we are incorporating by reference the MBS Prospectus described above. In addition, we are incorporating by reference the documents listed below. This means that we are disclosing information to you by referring you to these documents. These documents are considered part of this prospectus supplement, so you should read this prospectus supplement, and any applicable supplements or amendments, together with these documents.

You should rely only on the information provided or incorporated by reference in this prospectus supplement, the REMIC Prospectus and the MBS Prospectus and any applicable supplements or amendments.

We incorporate by reference the following documents we have filed, or may file, with the Securities and Exchange Commission (“SEC”):

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2003 (“Form 10-K”);
- all other reports we have filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 since the end of the fiscal year covered by the Form 10-K until the date of this prospectus supplement, excluding any information “furnished” to the SEC on Form 8-K; and
- all proxy statements that we file with the SEC and all documents that we file with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 subsequent to the date of this prospectus supplement and prior to the completion of the offering of the certificates, excluding any information we “furnish” to the SEC on Form 8-K.

Any information incorporated by reference in this prospectus supplement is deemed to be modified or superseded for purposes of this prospectus supplement to the extent information contained or incorporated by reference in this prospectus supplement modifies or supersedes such information. In such case, the information will constitute a part of this prospectus supplement only as so modified or superseded.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You can obtain copies of the periodic reports we file with the SEC without charge by calling or writing our Office of Investor Relations, Fannie Mae, 3900 Wisconsin Avenue, NW, Washington, DC 20016, telephone: (202) 752-7115. The periodic and current reports that we file with the SEC are also available on our Web site. Information appearing on our Web site is not incorporated in this prospectus supplement except as specifically stated in this prospectus supplement.

In addition, you may read our SEC filings and other information about Fannie Mae at the offices of the New York Stock Exchange, the Chicago Stock Exchange and the Pacific Exchange. Our SEC filings are also available at the SEC's Web site at [www.sec.gov](http://www.sec.gov). You also may read and copy any document we file with the SEC by visiting the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information about the operation of the Public Reference Room. We are providing the address of the SEC's Web site solely for the information of prospective investors. Information appearing on the SEC's Web site is not incorporated in this prospectus supplement except as specifically stated in this prospectus supplement.

## **RECENT DEVELOPMENTS**

On December 21, 2004, our Board of Directors (the "Board") announced the retirement of Chairman and Chief Executive Officer Franklin D. Raines and the resignation of Vice Chairman and Chief Financial Officer J. Timothy Howard. The Board further announced that the Audit Committee of the Board dismissed KPMG LLP as our independent auditor. On January 4, 2005, the Audit Committee of the Board approved the engagement of Deloitte & Touche LLP ("Deloitte") as our independent auditor. Deloitte will serve as our auditor for each of the fiscal years 2001, 2002, 2003, 2004 and 2005.

Stephen B. Ashley, a member of the Board, currently is serving as the non-executive Chairman of the Board. On June 1, 2005, the Board announced that it had selected Daniel H. Mudd, the former Chief Operating Officer of Fannie Mae, to be the new President and Chief Executive Officer. Mr. Mudd had been serving as the interim Chief Executive Officer since the retirement of Mr. Raines. Executive Vice President Robert Levin currently is serving as the interim Chief Financial Officer.

On December 15, 2004, the Office of the Chief Accountant of the Securities and Exchange Commission (the "SEC") issued a statement (the "Statement") regarding certain accounting issues relating to Fannie Mae, including determinations by the SEC that we should (i) restate our financial statements to eliminate the use of hedge accounting under Financial Accounting Standard No. 133, Accounting for Derivative Instruments and Hedging Activities ("FAS 133"), (ii) evaluate the accounting under Financial Accounting Standard No. 91, Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases ("FAS 91") and restate our financial statements filed with the SEC if the amounts required for correction are material, and (iii) re-evaluate the information prepared under generally accepted accounting principles ("GAAP") and non-GAAP information that we previously provided to investors. On December 16, 2004, we filed a Current Report on Form 8-K with the SEC that includes a copy of the Statement.

As a result of the SEC's findings, we will restate our financial results from 2001 through June 30, 2004 to comply fully with the SEC's determination. In a Form 12b-25 filed with the SEC on November 15, 2004, we estimated that a loss of hedge accounting under FAS 133 for all derivatives

could result in recording into earnings a net cumulative loss on derivative transactions of approximately \$9.0 billion as of September 30, 2004. (We estimate that as of December 31, 2004, this net cumulative after-tax loss was approximately \$8.4 billion.) We also stated that there would be a corresponding decrease to retained earnings and, accordingly, regulatory capital. In a Form 12b-25 filed with the SEC on March 17, 2005, we stated that if we do not qualify for hedge accounting for mortgage commitments accounted for as derivatives since our July 1, 2003 adoption of Financial Accounting Standard No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities (“FAS 149”), we estimate that we would be required to record in earnings a net cumulative after-tax loss related to these commitments of approximately \$2.4 billion as of December 31, 2004.

We are working to determine the effect of the restatement, including the effect on each prior reporting period. We expect that the impact will be material to our reported GAAP and core business results for many, if not all, periods and will vary substantially from period to period based on the amount and types of derivatives held and fluctuations in interest rates and volatility. Our restated financial statements also will reflect corrections as a result of our misapplication of FAS 91 for each prior reporting period described above. We also will consider the impact, if any, of the SEC’s decision on FAS 91 for periods prior to those described above.

Accordingly, on December 17, 2004, the Audit Committee of the Board concluded that our previously filed interim and audited financial statements and the independent auditor’s reports thereon for the periods from January 2001 through the second quarter of 2004 should no longer be relied upon because such financial statements were prepared applying accounting practices that did not comply with GAAP. We have not yet filed our quarterly reports on Form 10-Q for the quarters ended September 30, 2004, March 31, 2005 and June 30, 2005, or our annual report on Form 10-K for the year ended December 31, 2004. The financial information regarding our anticipated results of operations for the quarter ended September 30, 2004 that was contained in our Form 12b-25 filed on November 15, 2004 and in a Form 8-K filed on November 16, 2004 was prepared applying the same policies and practices, and, accordingly, should not be relied upon. The Audit Committee has discussed the matters described above and in a Form 8-K filed with the SEC on December 22, 2004 with KPMG LLP, our independent auditor through December 21, 2004.

On September 20, 2004, the Office of Federal Housing Enterprise Oversight (“OFHEO”) delivered its report to the Board of its findings to date of the agency’s special examination. Among other matters, the OFHEO report raised a number of questions and concerns about our accounting policies and practices with respect to FAS 91 and FAS 133. On February 23, 2005, we announced that OFHEO notified our Board and management of several additional accounting and internal control issues and questions that OFHEO identified in its ongoing special examination, and directed that these matters be included in the internal reviews by the Board and management and reviewed by Deloitte. OFHEO indicated that it has not completed its review of all aspects of these issues, but has identified policies that it believes appear to be inconsistent with generally accepted accounting principles as well as internal control deficiencies that raise safety and soundness concerns. The issues and questions include the following areas: securities accounting, loan accounting, consolidations, accounting for commitments, and practices to smooth certain income and expense amounts. OFHEO also raised concerns regarding journal entry controls, systems limitations, and database modifications, as well as FAS 149 and new developments relating to FAS 91. A summary of the additional questions raised in OFHEO’s ongoing special examination of Fannie Mae has been filed as an exhibit to a Form 8-K that we filed with the SEC on February 23, 2005.

Our Board and management are addressing the issues and questions raised by OFHEO. In addition, the Board designated its Special Review Committee to review the findings of OFHEO’s September 2004 special examination report. This review, led by former Senator Warren Rudman of the law firm of Paul, Weiss, Rifkind, Wharton & Garrison (“Paul Weiss”), is focused on: accounting issues, including accounting policies, procedures and controls regarding FAS 91 and FAS 133; organization, structure and governance, including Board oversight and management responsibilities and resources; and executive compensation. Paul Weiss’ work continues as it examines these areas and

other issues that may arise in the course of its review, reporting regularly to the Board. We will report to OFHEO regarding each of these issues and will continue to work with OFHEO to resolve these matters as part of our ongoing internal reviews and restatement process. In light of the foregoing, management has initiated a comprehensive review of accounting routines and controls, the financial reporting process and the application of GAAP, which will include the issues OFHEO has identified, as well as issues identified by management and/or Deloitte. Management, working with accounting consultants, will develop a view on these issues, which then will be reviewed with the Audit Committee, Deloitte and OFHEO. Upon conclusion of this review, our financial statements will be restated where necessary and submitted to Deloitte for review as part of its audit. We are providing periodic updates to the SEC and the New York Stock Exchange on the restatement. In addition, the SEC and the U.S. Attorney's Office for the District of Columbia are conducting ongoing investigations into these matters.

OFHEO is required to review our capital classification quarterly, and as of September 30, 2004 and December 31, 2004, classified us as "significantly undercapitalized." As a result of this classification, we submitted a capital restoration plan to OFHEO in January 2005, and on February 23, 2005, we announced that OFHEO approved our proposed capital restoration plan. Under the plan, we detail how we expect to meet our minimum capital requirement on an ongoing basis, as well as achieve OFHEO's 30 percent surplus capital requirement by September 30, 2005. A summary of the capital restoration plan was filed as an exhibit to a Form 8-K that we filed with the SEC on February 23, 2005. On May 19, 2005, OFHEO classified us as "adequately capitalized" as of March 31, 2005. OFHEO has noted that this classification is subject to revision pending the outcome of ongoing accounting reviews, and that this classification does not amend any existing capital restoration plans currently in place between Fannie Mae and OFHEO.

In a Form 12b-25 filed with the SEC on August 9, 2005, we reported that, based on our current assessment, we are not likely to complete and file our Annual Report on Form 10-K for the year ended December 31, 2004, which will contain restated financial information, prior to the second half of 2006. We also reported in that Form 12b-25 that we are uncertain whether Deloitte will be able to opine on either the effectiveness of our internal control over financial reporting or management's process for assessing the effectiveness of internal control over financial reporting as of December 31, 2004 or December 31, 2005. We also reported in that Form 12b-25 that current NYSE listing standards allow the NYSE to continue to list the securities of a listed company for up to nine months after a company is delinquent in filing its Annual Report on Form 10-K (until December 16, 2005, in the case of Fannie Mae). The NYSE, in its sole discretion, also may extend the listing of a company's securities for another three months after that date, depending on the company's circumstances. Under the rules of the NYSE, Fannie Mae would have a right to a review of any decision to delist its securities by a committee of the NYSE Board of Directors.

Forms 8-K that we file with the SEC prior to the completion of the offering of the certificates are incorporated by reference in this prospectus supplement. This means that we are disclosing information to you by referring you to those documents. You should refer to "Incorporation by Reference" above for further details on the information that we incorporate by reference in this prospectus supplement and where to find it.

## REFERENCE SHEET

This reference sheet is not a summary of the transaction and does not contain complete information about the certificates. You should purchase the certificates only after reading this prospectus supplement and each of the additional disclosure documents listed on page S-3.

### Assets Underlying Each Group of Classes

Group	Assets
1	Group 1 MBS
2	Group 2 MBS

### Assumed Characteristics of the Mortgage Loans Underlying the Group 1 MBS (as of September 1, 2005)

Approximate Principal Balance	Original Term to Maturity (in months)	Approximate Weighted Average Remaining Term to Maturity (in months)	Approximate Weighted Average Loan Age (in months)	Approximate Weighted Average Coupon
\$1,500,000,000	360	327	25	5.49%

The actual remaining terms to maturity, weighted average loan ages and interest rates of most of the mortgage loans will differ from the weighted averages shown above, perhaps significantly.

### Assumed Characteristics of the Mortgage Loans Underlying the Group 2 MBS

The table in Exhibit A of this prospectus supplement lists certain assumed characteristics of the mortgage loans underlying the Group 2 MBS as of September 1, 2005. However, the actual characteristics of most of those mortgage loans will differ from the weighted averages in Exhibit A, perhaps significantly.

### Class Factors

The class factors are numbers that, when multiplied by the initial principal balance of a certificate, can be used to calculate the current principal balance of that certificate (after taking into account principal payments in the same month). We publish the class factors on or shortly after the 11th day of each month.

### Settlement Date

We expect to issue the certificates on September 29, 2005.

### Distribution Dates

We will make payments on the certificates on the 25th day of each calendar month, or on the next business day if the 25th day is not a business day.

### Book-Entry and Physical Certificates

We will issue the book-entry certificates through the U.S. Federal Reserve Banks and DTC, as applicable, which will electronically track ownership of the certificates and payments on them. We will issue physical certificates in registered, certificated form.

We will issue the classes of certificates in the following forms:

<u>Fed Book-Entry</u>	<u>DTC Book-Entry</u>	<u>Physical</u>
Group 1 Classes	Group 2 Classes	R and RL Classes

### Exchanging Certificates Through Combination and Recombination

If you own certain certificates, you will be able to exchange them for a proportionate interest in the related RCR certificates as shown on Schedule 1. We will issue the RCR certificates upon such exchange. You can exchange your certificates by notifying us and paying an exchange fee. We use the principal and interest of the certificates exchanged to pay principal and interest on the related RCR certificates. Schedule 1 lists the available combinations of the certificates eligible for exchange and the related RCR certificates.

### Components

The IP Class is made up of payment components. Each component will have the original principal or notional principal balance, principal type and interest type as set forth below.

	<u>Original Principal or Notional Principal Balance</u>	<u>Principal Type</u>	<u>Interest Type</u>
IP1 .....	\$250,000,000 (1)	NTL	WAC/IO
IP2 .....	\$ (2)	SEQ	PO

(1) Notional principal balance.

(2) The principal balance of the IP2 Component initially will be equal to zero. The principal balance of the IP2 Component will increase as a result of the addition of certain deferred interest amounts on the ARM Loans as further described under “Description of the Certificates—Distributions of Principal—*Additions to Principal Balance of the IP2 Component*” in this prospectus supplement.

### Interest Rates

During each interest accrual period, the fixed rate classes will bear interest at the applicable annual interest rates listed on the cover of this prospectus supplement or on Schedule 1.

During the initial interest accrual period, the QF Class and the inverse floating rate classes will bear interest at the initial interest rates listed below. During subsequent interest accrual periods, the QF Class and the inverse floating rate classes will bear interest based on the formulas indicated below, but always subject to the specified maximum and minimum interest rates:

<u>Class</u>	<u>Initial Interest Rate</u>	<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate (1)</u>
QF .....	4.080%	7.50000%	0.35%	LIBOR + 35 basis points
QS .....	9.405%	19.66250%	0.00%	$19.66250\% - (2.75000001 \times \text{LIBOR})$
SQ .....	7.275%	11.93750%	3.00%	$11.9375\% - (1.25000001 \times \text{LIBOR})$

(1) We will establish LIBOR on the basis of the “BBA Method.”

On the initial distribution date, the A Class will receive interest at an annual rate of 3.79%. On each subsequent distribution date, the A Class will receive interest in amounts calculated as described under “Description of the Certificates—Distribution of Interest—*The A Class*” in this prospectus supplement.

On each distribution date, the IP1 Component will receive interest in an amount calculated as described under “Description of the Certificates—Distributions of Interest—*The IP1 Component*” in

this prospectus supplement. The IP2 Component is a principal only component and will bear no interest.

We will apply interest payments from exchanged REMIC certificates to the corresponding RCR certificates, on a pro rata basis, following any exchange.

### **Notional Class and Component**

A notional class or component will not receive any principal. Its notional principal balance is the balance used to calculate accrued interest. The notional principal balances will equal the percentages of the outstanding balances specified below immediately before the related distribution date:

#### Class or Component

PI .....	10% of the PG Class
IP1.....	100% of the Group 2 MBS

### **Distributions of Principal**

#### *Group 1 Principal Distribution Amount*

##### *WZ Accrual Amount*

To the WD Class to zero, and thereafter to the WZ Class.

##### *QZ Accrual Amount*

To the QO, QF and QS Classes, pro rata, to zero, and thereafter to the QZ Class.

##### *ZC Accrual Amount*

To the VA and VB Classes, in that order, to zero, and thereafter to the ZC Class.

#### *Group 1 Cash Flow Distribution Amount*

1. To Aggregate Group I to its Planned Balance.
2. To Aggregate Group II to its Planned Balance.
3. To the QO, QF and QS Classes, pro rata, to zero.
4. To the QZ Class to zero.
5. To Aggregate Group II to zero.
6. To Aggregate Group I to zero.
7. To the VA, VB and ZC Classes, in that order, to zero.

For a description of Aggregate Groups I and II, see “Description of the Certificates—Distributions of Principal—*Group 1 Principal Distribution Amount*” in this prospectus supplement.

#### *Group 2 Principal Distribution Amount*

To the A Class and the IP2 Component, in that order, to zero.

We will apply principal payments from exchanged REMIC certificates to the corresponding RCR certificates, on a pro rata basis, following any exchange.

**Weighted Average Lives (years) \***

<u>Group 1 Classes</u>	<u>PSA Prepayment Assumption</u>						
	<u>0%</u>	<u>100%</u>	<u>115%</u>	<u>160%</u>	<u>205%</u>	<u>250%</u>	<u>500%</u>
VA .....	6.0	6.0	6.0	6.0	6.0	6.0	4.3
VB .....	17.0	16.6	16.2	14.7	13.0	11.4	6.2
ZC .....	29.1	23.1	22.5	20.6	18.6	16.7	9.6
PG, PI, PH and PA .....	9.2	2.8	2.8	2.8	2.8	2.8	1.8
PB .....	17.4	6.0	6.0	6.0	6.0	6.0	3.0
PC .....	20.2	8.0	8.0	8.0	8.0	8.0	4.0
PD .....	21.5	9.3	9.3	9.3	9.3	9.3	4.7
WD .....	21.9	5.1	2.9	2.9	2.9	2.0	0.8
WZ .....	24.7	11.4	10.7	10.7	10.7	7.9	1.3
QZ .....	28.1	18.8	17.7	14.6	12.1	4.4	1.1
QO, QF, QS and SQ .....	26.4	14.8	13.7	7.9	4.0	1.7	0.5
WM .....	14.3	5.0	5.0	5.0	5.0	5.0	2.7
BK .....	29.1	22.6	21.8	19.3	16.8	14.7	7.7
GS .....	26.0	14.5	13.2	9.9	7.5	5.6	2.7
T .....	24.7	11.1	9.5	6.0	3.6	1.9	0.6

<u>Group 2 Class and Component</u>	<u>CPR Prepayment Assumption</u>				
	<u>0%</u>	<u>10%</u>	<u>20%</u>	<u>30%</u>	<u>40%</u>
A .....	20.2	8.2	4.4	2.8	2.0
IP1 .....	20.5	8.2	4.4	2.8	2.0

\* Determined as specified under “Description of the Certificates—Weighted Average Lives of the Certificates” in this prospectus supplement.

## ADDITIONAL RISK FACTORS

*The rate of principal payments on the certificates will be affected by the rate of principal payments on the underlying mortgage loans.* The rate at which you receive principal payments on the certificates will be sensitive to the rate of principal payments on the mortgage loans underlying the related MBS, including prepayments. Because borrowers generally may prepay their mortgage loans at any time without penalty, the rate of principal payments on the mortgage loans is likely to vary over time. It is highly unlikely that the mortgage loans will prepay

- at any of the prepayment rates we assumed in this prospectus supplement, or
- at any constant prepayment rate until maturity.

In the case of the Group 2 MBS, the rate of principal payments will also be affected by the relationship over time of the interest rates on those loans, which are subject to monthly adjustment, to the monthly payment amount for those loans, which generally are subject to annual adjustment. Moreover, the rate of principal payments will be affected by various payment options available generally to the related borrowers as described in this prospectus supplement.

*Yields may be lower than expected due to unexpected rate of principal payments.* The actual yield on your certificates probably will be lower than you expect:

- if you buy your certificates at a premium and principal payments are faster than you expect, or
- if you buy your certificates at a discount and principal payments are slower than you expect.

Furthermore, in the case of interest only certificates and certificates purchased at a premium, you could lose money on your investment if prepayments occur at a rapid rate.

*Hurricane Katrina may present risk of increased mortgage loan defaults.* In late August 2005, Hurricane Katrina and related events caused catastrophic damage to extensive areas along the Gulf Coast, including portions of

coastal and inland Louisiana, Mississippi, Alabama and Florida. The full extent of the physical damage resulting from severe flooding, high winds and environmental contamination remains uncertain. Hundreds of thousands of people have been displaced and interruptions in the regional economy have been significant. Although the long-term effects are unclear, these events could lead to a general economic downturn in the Gulf Coast region, including job losses and declines in real estate values. Accordingly, defaults on any mortgage loans in the affected areas may increase, in turn resulting in early payments of principal to holders of certificates backed by those mortgage loans.

**You must make your own decisions about the various applicable assumptions, including prepayment assumptions, when deciding whether to purchase the certificates.**

*Application of the weighted average Group 2 MBS pass-through rate cap to the A Class may adversely affect its yield.* The interest rate on the A Class is subject to the weighted average Group 2 MBS pass-through rate cap. Any resulting interest carryover amount (*i.e.*, the amount by which interest payments on the A Class are reduced due to application of the weighted average Group 2 MBS pass-through rate cap) will be paid to the A Class on the current distribution date or future distribution dates only to the extent the amount available for interest payments on the A Class and IP1 Component exceeds the amount of current interest due on the A Class. As a result, we cannot assure you that funds will be adequate to cover the interest carryover amount on any distribution date. **Our guaranty will not cover any interest carryover amounts.**

*The A Class may not receive its full accrued interest amount on each distribution date.* The amount of interest that we are obligated to pay to the A Class on each distribution date is subject to certain limitations as described in this prospectus supplement. In the event the amount available for interest payments on the A Class is insufficient to pay the full amount of current interest accrued on the A Class for any distribution date due to the negative amortization feature of the related mortgage

loans, the amount of such insufficiency will be added to the principal balance of the A Class. In that case, the effective yield on the A Class may be reduced below the yield that otherwise would be produced.

*Application of principal distributions on the Group 2 MBS to pay interest on the A and IP Classes will have the effect of lengthening the weighted average life of the A Class.* If as a result of the negative amortization feature of the related mortgage loans, principal distributions on the Group 2 MBS (rather than interest distributions only) are applied to pay interest on the A and IP Classes instead of being used to reduce the principal balance of the A Class, the weighted average life of the A Class will be extended correspondingly.

*The IP1 Component will receive interest only from funds not required to be paid as interest on the A Class.* The amount of interest payments on the IP1 Component will be very sensitive to the level of LIBOR relative to the pass-through rates on the Group 2 MBS and to the amount of principal and interest distributed on the Group 2 MBS. The pass-through rates on the Group 2 MBS are calculated based upon the interest rates of the related mortgage loans, which adjust monthly based primarily on the MTA index. See “Description of the Certificates—Certain Characteristics of the ARM Loans—*The MTA Index*” in this prospectus supplement. For so long as the A Class remains outstanding, we will not pay interest on the IP1 Component on any distribution date until we have paid all accrued and unpaid interest on the A Class on that date (including any interest carryover amounts).

*Weighted average lives and yields on the certificates are affected by actual characteristics of the underlying mortgage loans.* We have assumed that the mortgage loans underlying the MBS have certain characteristics. However, the actual mortgage loans probably will have different characteristics from those we assumed. As a result, your yields could be lower than you expect, even if the mortgage loans prepay at the indicated constant prepayment rates. In addition, slight differences between the assumed mortgage loan characteristics and the actual mortgage loans could affect the weighted average lives of the classes of certificates.

*Level of floating rate index affects yields on certain certificates.* The yield on any floating rate or inverse floating rate certificate will be affected by the level of its interest rate index. If the level of the index differs from the level you expect, then your actual yield may be lower than you expect.

*Delay classes have lower yields and market values.* Since certain classes do not receive interest immediately following each interest accrual period, these classes have lower yields and lower market values than they would if there were no such delay.

*Reinvestment of certificate payments may not achieve same yields as certificates.* The rate of principal payments of the certificates is uncertain. You may be unable to reinvest the payments on the certificates at the same yields provided by the certificates.

*Unpredictable timing of last payment affects yields on certificates.* The actual final payment of your class is likely to occur earlier, and could occur much earlier, than the final distribution date listed on the cover page of this prospectus supplement. If you assume that the actual final payment will occur on the final distribution date specified, your yield could be lower than you expect.

*Some investors may be unable to buy certain classes.* Investors whose investment activities are subject to legal investment laws and regulations, or to review by regulatory authorities, may be unable to buy certain certificates. You should obtain legal advice to determine whether you may purchase the certificates.

*Uncertain market for the certificates could make them difficult to sell and cause their values to fluctuate.* We cannot be sure that a market for resale of the certificates will develop. Further, if a market develops, it may not continue or be sufficiently liquid to allow you to sell your certificates. Even if you are able to sell your certificates, the sale price may not be comparable to similar investments that have a developed market. Moreover, you may not be able to sell small or large amounts of certificates at prices comparable to those available to other investors. You should purchase certificates only if you understand and can tolerate the risk that

the value of your certificates will vary over time and that your certificates may not be easily sold.

*Terrorist activities and related military and political actions by the U.S. government could cause reductions in investor confidence and substantial market volatility in real estate and securities markets.* It is impossible to predict the extent to which terrorist activities may occur or, if they do occur, the extent of the effect on the certificates. Moreover, it is uncertain what effects any past or future terrorist activities or any related military or political actions on the part of the United States government and others will have on the United States and world

financial markets, local, regional and national economies, real estate markets across the United States, or particular business sectors, including those affecting the performance of mortgage loan borrowers. Among other things, reduced investor confidence could result in substantial volatility in securities markets and a decline in real estate-related investments. In addition, defaults on the mortgage loans could increase, causing early payments of principal to you and, regardless of the performance of the underlying mortgage loans, the liquidity and market value of the certificates may be impaired.

## DESCRIPTION OF THE CERTIFICATES

The material under this heading summarizes certain features of the Certificates. You will find additional information about the Certificates in the other sections of this prospectus supplement, as well as in the additional Disclosure Documents and the Trust Agreement. If we use a capitalized term in this prospectus supplement without defining it, you will find the definition of that term in the applicable Disclosure Document or in the Trust Agreement.

### General

*Structure.* We will create the Fannie Mae REMIC Trust specified on the cover of this prospectus supplement (the “Trust”) and a separate trust (the “Lower Tier REMIC”) pursuant to a trust agreement dated as of September 1, 2005 (the “Issue Date”). We will issue the Guaranteed REMIC Pass-Through Certificates (the “REMIC Certificates”) pursuant to that trust agreement. We will issue the Combinable and Recombinable REMIC Certificates (the “RCR Certificates” and, together with the REMIC Certificates, the “Certificates”) pursuant to a separate trust agreement dated as of the Issue Date (together with the trust agreement relating to the REMIC Certificates, the “Trust Agreement”). We will execute the Trust Agreement in our corporate capacity and as trustee (the “Trustee”). In general, the term “Classes” includes the Classes of REMIC Certificates and RCR Certificates.

The Trust and the Lower Tier REMIC each will constitute a “real estate mortgage investment conduit” (“REMIC”) under the Internal Revenue Code of 1986, as amended (the “Code”).

- The REMIC Certificates (except the R and RL Classes) will be, or will be backed by, the “regular interests” in the Trust.
- The R Class will be the “residual interest” in the Trust.
- The interests in the Lower Tier REMIC other than the RL Class (the “Lower Tier Regular Interests”) will be the “regular interests” in the Lower Tier REMIC.
- The RL Class will be the “residual interest” in the Lower Tier REMIC.

The assets of the Trust will consist of

- the Lower Tier Regular Interests and
- a separate non-interest bearing cash deposit to be applied as payment on the A Class as described under “—Distributions of Interest— *The A Class*” in this prospectus supplement (the “A Class Deposit”).

The assets of the Lower Tier REMIC will consist of two groups of Fannie Mae Guaranteed Mortgage Pass-Through Certificates (the “Group 1 MBS” and “Group 2 MBS” and, together, the “MBS”).

Each Group 1 MBS represents a beneficial ownership interest in a pool of first lien, one- to four-family (“single-family”), fixed-rate residential mortgage loans (the “Fixed-Rate Loans”) having the characteristics described in this prospectus supplement.

Each Group 2 MBS represents a beneficial ownership interest in a pool of first lien, single-family, adjustable-rate residential mortgage loans (the “ARM Loans”) having the characteristics described in this prospectus supplement.

We refer to the Fixed-Rate Loans and ARM Loans collectively as the “Mortgage Loans.”

*Fannie Mae Guaranty.* We guarantee that we will distribute to Certificateholders:

- required installments of principal and interest on the Certificates on time, and
- the principal balance of each Class of Certificates no later than its Final Distribution Date, whether or not we have received sufficient payments on the MBS.

**Our guaranty will not cover any Interest Carryover Amount (described below) with respect to the A Class.**

In addition, we guarantee that we will distribute to each holder of an MBS:

- scheduled installments of principal and interest on the underlying Mortgage Loans on time, whether or not the related borrowers pay us, and
- the full principal balance of any foreclosed Mortgage Loan, whether or not we recover it.

Our guarantees are not backed by the full faith and credit of the United States. See “Description of Certificates—The Fannie Mae Guaranty” in the REMIC Prospectus, and “Description of the Certificates—Fannie Mae Guaranty” in the MBS Prospectus.

*Characteristics of Certificates.* We will issue the Certificates (except the A, IP, R and RL Classes) in book-entry form on the book-entry system of the U.S. Federal Reserve Banks. Entities whose names appear on the book-entry records of a Federal Reserve Bank as having had Certificates deposited in their accounts are “Holders” or “Certificateholders.”

The A and IP Classes each will be represented by one certificate (the “DTC Certificates”) to be registered at all times in the name of the nominee of The Depository Trust Company (“DTC”), a New York-chartered limited purpose trust company, or any successor or depository selected or approved by us. We refer to the nominee of DTC as the “Holder” or “Certificateholder” of the DTC Certificates. DTC will maintain the DTC Certificates through its book-entry facilities.

A Holder is not necessarily the beneficial owner of a Certificate. Beneficial owners ordinarily will hold Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. See “Description of Certificates—Denominations and Form” in the REMIC Prospectus.

We will issue the R and RL Certificates in fully registered, certificated form. The “Holder” or “Certificateholder” of the R or RL Certificate is its registered owner. The R or RL Certificate can be transferred at the corporate trust office of the Transfer Agent, or at the office of the Transfer Agent in New York, New York. U.S. Bank National Association (“US Bank”) in Boston, Massachusetts will be the initial Transfer Agent. We may impose a service charge for any registration of transfer of the R or RL Certificate and may require payment to cover any tax or other governmental charge. See also “—Characteristics of the R and RL Classes” below.

The Holder of the R Class will receive the proceeds of any remaining assets of the Trust, and the Holder of the RL Class will receive the proceeds of any remaining assets of the Lower Tier REMIC, in

each case only by presenting and surrendering the related Certificate at the office of the Paying Agent. US Bank will be the initial Paying Agent.

*Authorized Denominations.* We will issue the Certificates in the following denominations:

<u>Classes</u>	<u>Denomination</u>
The Interest Only, Principal Only and Inverse Floating Rate Classes and the IP Class	\$100,000 minimum plus whole dollar increments
All other Classes (except the R and RL Classes)	\$1,000 minimum plus whole dollar increments

We will issue the R and RL Classes as single Certificates with no principal balances.

*Distribution Dates.* We will make monthly payments on the Certificates on the 25th day of each month (or, if the 25th is not a business day, on the first business day after the 25th). We refer to each of these dates as a “Distribution Date.” We will make the first payments to Certificateholders the month after we issue the Certificates.

*Record Date.* On each Distribution Date, we will make each monthly payment on the Certificates to Holders of record on the last day of the preceding month.

*Class Factors.* On or shortly after the eleventh calendar day of each month, we will publish a factor (carried to eight decimal places) for each Class of Certificates or, in the case of the IP Class, each related Component. When the applicable class factor is multiplied by the original principal balance (or notional principal balance) of a Certificate of any Class or, in the case of the IP Class, the IP1 Component, the product will equal the current principal balance (or notional principal balance) of that Certificate after taking into account payments on the Distribution Date in the same month (as well as any addition to principal in the case of the Accrual Classes).

In the case of the IP2 Component, we will publish a class factor of 1.00000000 until the month in which the principal balance of the A Class is reduced to zero. Thereafter, when the applicable class factor is multiplied by the principal balance of the IP2 Component at the beginning of the month following the month in which the principal balance of the A Class was reduced to zero, the product will equal the current principal balance of the IP2 Component after taking into account payments on the Distribution Date in the current month.

*No Optional Termination.* We have no option to effect an early termination of the Lower Tier REMIC or the Trust. Further, we will not repurchase the Mortgage Loans underlying any MBS in a “clean-up call.” See “Description of the Certificates—Termination” in the MBS Prospectus.

## **Combination and Recombination**

*General.* You are permitted to exchange all or a portion of the Group 1 Classes of REMIC Certificates for a proportionate interest in the related RCR Certificates in the combinations shown on Schedule 1. You also may exchange all or a portion of the RCR Certificates for the related REMIC Certificates in the same manner. This process may occur repeatedly.

Holders of RCR Certificates will be the beneficial owners of a proportionate interest in the related REMIC Certificates and will receive a proportionate share of the distributions on the related REMIC Certificates.

The Classes of REMIC Certificates and RCR Certificates that are outstanding at any given time, and the outstanding principal balances (or notional principal balances) of these Classes, will depend upon any related distributions of principal, as well as any exchanges that occur. REMIC Certificates and RCR Certificates may be exchanged only in the proportions shown on Schedule 1.

*Procedures.* If a Certificateholder wishes to exchange Certificates, the Certificateholder must notify our Structured Transactions Department through one of our “REMIC Dealer Group” dealers in writing or by telefax no later than two business days before the proposed exchange date. The exchange date can be any business day other than the first or last business day of the month subject to our approval. The notice must include the outstanding principal balance of both the Certificates to be exchanged and the Certificates to be received, and the proposed exchange date. After receiving the Holder’s notice, we will telephone the dealer with delivery and wire payment instructions. Notice becomes irrevocable on the second business day before the proposed exchange date.

In connection with each exchange, the Holder must pay us a fee equal to  $1/32$  of 1% of the outstanding principal balance (exclusive of any notional principal balance) of the Certificates to be exchanged. In no event, however, will our fee be less than \$2,000.

We will make the first distribution on a REMIC Certificate or an RCR Certificate received in an exchange transaction on the Distribution Date in the following month. We will make that distribution to the Holder of record as of the close of business on the last day of the month of the exchange.

*Additional Considerations.* The characteristics of RCR Certificates will reflect the characteristics of the REMIC Certificates used to form those RCR Certificates. You should also consider a number of factors that will limit a Certificateholder’s ability to exchange REMIC Certificates for RCR Certificates or vice versa:

- At the time of the proposed exchange, a Certificateholder must own Certificates of the related Class or Classes in the proportions necessary to make the desired exchange.
- A Certificateholder that does not own the Certificates may be unable to obtain the necessary REMIC Certificates or RCR Certificates.
- If, as a result of a proposed exchange, a Certificateholder would hold a REMIC Certificate or RCR Certificate of a Class in an amount less than the applicable minimum denomination for that Class, the Certificateholder will be unable to effect the proposed exchange.
- The Certificateholder of needed Certificates may refuse to sell them at a reasonable price (or any price) or may be unable to sell them.
- Certain Certificates may have been purchased and placed into other financial structures and thus be unavailable.
- Principal distributions will decrease the amounts available for exchange over time.
- Only the combinations listed on Schedule 1 are permitted.

### **The Group 1 MBS (backed by Fixed-Rate Loans)**

The following table contains certain information about the Group 1 MBS. The Group 1 MBS will have the aggregate unpaid principal balance and Pass-Through Rate shown below and the general characteristics described in the MBS Prospectus. The MBS provide that principal and interest on the related Mortgage Loans are passed through monthly. The Mortgage Loans underlying the Group 1 MBS are conventional, fixed-rate, fully-amortizing mortgage loans secured by first mortgages or deeds of trust on single-family residential properties. These Mortgage Loans have original maturities of up to 30 years. See “The Mortgage Pools” and “Yield, Maturity, and Prepayment Considerations” in the MBS Prospectus.

We expect the characteristics of the Group 1 MBS and the related Mortgage Loans as of the Issue Date to be as follows:

Aggregate Unpaid Principal Balance . . . . .	\$1,500,000,000
MBS Pass-Through Rate . . . . .	5.00%
Range of WACs (annual percentages) . . . . .	5.25% to 7.50%
Range of WAMs . . . . .	241 months to 360 months
Approximate Weighted Average WAM . . . . .	327 months
Approximate Weighted Average WALA (weighted average loan age) . . . . .	25 months

**The Group 2 MBS (backed by ARM Loans)**

We expect the Group 2 MBS to have the characteristics listed on Exhibit A to this prospectus supplement and the general characteristics described in the MBS Prospectus. The Group 2 MBS provide that principal and interest on the ARM Loans are passed through monthly, beginning in the month after we issue the MBS. The ARM Loans are conventional, adjustable-rate mortgage loans secured by first mortgages or deeds of trust on single-family residential properties. The ARM Loans have original maturities of up to 30 years. See “Description of the Certificates,” “The Mortgage Pools,” “The Mortgage Loans—Adjustable Rate Mortgages (ARMs)” and “Yield, Maturity and Prepayment Considerations” in the MBS Prospectus.

**Characteristics of the ARM Loans**

*The MTA Index*

For an initial period of either one month or three months, the interest rate for each ARM Loan is fixed. After this period, the interest rate varies to respond to changes in a single specified index. The index used to calculate the interest rate for the ARM Loans (the “MTA Index”) is the 12-month average of the monthly average yields on United States Treasury Securities adjusted to a constant maturity of one year, as published by the Board of Governors of the Federal Reserve System in the Federal Reserve Statistical Release: Selected Interest Rates H.15 (519). The MTA Index value for each interest rate change date is computed by adding together the monthly yields for the preceding 12 months most recently available as of 15 days prior to the interest rate change date and dividing the result by 12.

*Mortgage Interest Accrual Rate and Interest Rate Changes*

For an initial period of either one or three scheduled payments, the interest rate for each ARM Loan is set at a fixed, competitive market rate (the “Initial Mortgage Interest Rate”), which generally is less than the Mortgage Margin for that loan. After this initial period, the interest rate of the ARM Loan (the “Mortgage Interest Accrual Rate”) is set every month, subject to the cap and floor described below, to equal (i) the applicable MTA Index value plus (ii) a specified percentage amount (the “Mortgage Margin”) that the lender sets when the ARM Loan is originated.

*Cap and Floor on Mortgage Interest Accrual Rate*

The Mortgage Interest Accrual Rate for each ARM Loan, when adjusted at the monthly interest rate change date, may not be greater than the maximum Mortgage Interest Accrual Rate (lifetime rate cap) or less than its Mortgage Margin (lifetime rate floor), as specified in the related mortgage note.

*Monthly Payment Amount, Amortization, and Deferred Interest*

Each month borrowers must make the minimum monthly payment required by the related mortgage note (the “Monthly Payment Amount”). The initial Monthly Payment Amount for an ARM Loan is the amount which will fully amortize the loan at its initial fixed interest rate in equal

monthly installments over its remaining term to maturity. The Monthly Payment Amount will adjust every 12 months. The new Monthly Payment Amount will be set at the amount necessary to pay interest at the Mortgage Interest Accrual Rate effective during the month immediately preceding the month in which the first payment is due in the new amount and to fully amortize the outstanding principal balance of the ARM Loan on a level debt service basis over the remainder of its term. However, the Monthly Payment Amount may not (except as described below) increase or decrease by more than 7.5% of the prior Monthly Payment Amount.

Because of the payment increase restriction and because the Mortgage Interest Accrual Rate changes more often than the changes in the Monthly Payment Amount, the probability exists that some of the interest that accrues and would otherwise be payable will be deferred (“Deferred Interest”) if the MTA Index increases. In that case, no portion of the Monthly Payment Amount would be applied to reduce the principal balance of the ARM Loan. Any interest treated this way will be added to the outstanding principal balance of the ARM Loan and future interest accruals will be computed on this higher outstanding balance. Because the initial amortization schedule for an ARM Loan is based on its Initial Mortgage Interest Rate (which generally is less than the related Mortgage Margin), a borrower who pays only the Monthly Payment Amount is likely to incur a substantial amount of Deferred Interest during the first five years even if the MTA Index does not increase.

Additionally, you should understand that if the MTA Index decreases, the possibility exists that the portion of the Monthly Payment Amount allocable to principal will exceed the amount of principal required to fully amortize the ARM Loan on a level debt service basis to its stated maturity. This possibility exists because of the payment decrease restriction we described above and because the Mortgage Interest Accrual Rate changes more often than the changes in the Monthly Payment Amount. This excess portion of the Monthly Payment Amount would be applied in reduction of principal, and would amortize the ARM Loans faster than if the MTA Index did not decrease.

Notwithstanding the 7.5% payment change restrictions, the payment change restrictions are waived initially on the fifth anniversary of the first payment due date, every five years thereafter, and on the final payment change date, so that a new Monthly Payment Amount may be set that will fully amortize the ARM Loan on a level debt service basis during the remaining term at the Mortgage Interest Accrual Rate accruing during the month immediately preceding the month in which the first payment is due in the new amount. Should any annual increases be insufficient to fully amortize the ARM Loan in the final year of the ARM Loan, there will be a final payment equal to all accrued interest and the remaining unpaid principal balance that will be due on the stated maturity date.

Furthermore, if additions of Deferred Interest to principal would cause the outstanding principal of an ARM Loan to exceed 115% (or in some cases 110%) of its original principal balance, there will be an unscheduled payment increase (not subject to the 7.5% payment increase restriction). As a result, the amount due thereafter will be the amount that would pay all interest, if it were to continue to accrue at the Mortgage Interest Accrual Rate in effect in the month immediately prior to the date of such payment increase, and would fully amortize the outstanding principal balance of the ARM Loan on a level debt service basis over the remainder of its term.

However, later additions of Deferred Interest to principal are not prohibited and could occur again due to subsequent interest rate changes.

The Monthly Payment Amount is to be changed subsequently only in the way described above if additions of Deferred Interest would again cause the outstanding principal of the ARM Loan to exceed 115% (or in some cases 110%) of its original principal balance set forth in the mortgage note, and on the next annual payment change date.

### *Borrower Payment Options*

As noted earlier, a borrower must pay at least the Monthly Payment Amount each month. In addition, each month borrowers may have one or more of the following payment options:

- when the Monthly Payment Amount is less than the amount of interest due that month, the borrower can pay the full amount of interest accrued at the monthly Mortgage Interest Accrual Rate;
- when the Monthly Payment Amount is less than a fully amortizing monthly payment, the borrower can pay the full amortizing amount; and
- if the original term of the ARM Loan is more than 15 years, the borrower can make a monthly payment that would fully amortize the outstanding balance of the loan based on a 15 year term.

### **Final Data Statement**

After issuing the Certificates, we will prepare a Final Data Statement containing certain information, including the Pool number, the current WAC (or original WAC, if the current WAC is not available) and the current WAM (or Adjusted WAM, if the current WAM is not available) of the Mortgage Loans underlying each of the MBS as of the Issue Date. The Final Data Statement also will include the weighted averages of all the current or original WACs and the weighted averages of all the current or Adjusted WAMs, based on the current unpaid principal balances of the Mortgage Loans underlying each of the MBS as of the Issue Date and, in the case of the Group 2 MBS, certain additional information relating to interest on the ARM Loans on an aggregate basis. You may obtain the Final Data Statement by telephoning us at 1-800-237-8627. In addition, the Final Data Statement is available on our corporate Web site at [www.fanniemae.com](http://www.fanniemae.com).

### **Distributions of Interest**

#### *Categories of Classes and Components*

For the purpose of interest payments, the Classes and Components will be categorized as follows:

<u>Interest Type*</u>	<u>Classes and Components</u>
<b>Group 1 Classes</b>	
Fixed Rate	VA, VB, ZC, PG, PI, PB, PC, PD, WD, WZ and QZ
Floating Rate	QF
Inverse Floating Rate	QS
Accrual	ZC, WZ and QZ
Interest Only	PI
Principal Only	QO
RCR**	PH, PA, WM, BK, GS, T and SQ
<b>Group 2 Classes and Components</b>	
Floating Rate	A
Weighted Average Coupon	IP1
Partial Accrual	A and IP
Available Funds	A
Interest Only	IP1
Principal Only	IP2
Component	IP
<b>No Payment Residual</b>	R and RL

\* See "Description of Certificates—Class Definitions and Abbreviations" in the REMIC Prospectus.

\*\* See "—Combination and Recombination" above and Schedule 1 for a further description of the RCR Classes.

*Components.* For purposes of calculating the interest payments it receives, the IP Class consists of the payment components having the designations and original principal or notional principal balances specified in this prospectus supplement under “Reference Sheet—Components.” The payment characteristics of the IP Class will reflect a combination of the payment characteristics of its components. Components are not separately tradeable from the related Class.

*General.* We will pay interest on the Certificates at the applicable annual interest rates specified on the cover or described in this prospectus supplement. We calculate interest based on an assumed 360-day year consisting of twelve 30-day months or, in the case of the A Class, an assumed 360-day year and the actual number of days in each related Interest Accrual Period. We pay interest monthly (except in the case of the Accrual Classes) on each Distribution Date, beginning in the month after the Settlement Date specified in the Reference Sheet.

Interest to be paid on each Certificate (or added to principal, in the case of the Accrual Classes) on a Distribution Date will consist of one month’s interest on the outstanding balance of that Certificate immediately prior to that Distribution Date. For a description of the Accrual Classes, see “—*Accrual Classes*” below. For a description of the Partial Accrual Classes, see “—*The A Class*” and “—*The IP1 Component*” below.

We will apply interest payments from exchanged REMIC Certificates to the corresponding RCR Certificates, on a pro rata basis, following any exchange.

*Interest Accrual Periods.* Interest to be paid on each Distribution Date will accrue on the Certificates during the applicable one-month periods set forth below (each, an “Interest Accrual Period”).

<u>Classes</u>	<u>Interest Accrual Periods</u>
All Fixed Rate Classes and the IP Class (collectively, the “Delay Classes”)	Calendar month preceding the month in which the Distribution Date occurs
The QF, QS, SQ and A Classes	One-month period beginning on the 25th day of the month preceding the month in which the Distribution Date occurs

See “Additional Risk Factors—*Delay classes have lower yields and market values*” in this prospectus supplement.

*Accrual Classes.* The ZC, WZ and QZ Classes are Accrual Classes. Interest will accrue on the Accrual Classes at the applicable annual rates specified on the cover of this prospectus supplement. However, we will not pay any interest on the Accrual Classes. Instead, interest accrued on the Accrual Classes will be added as principal to their respective principal balances on each Distribution Date. We will pay principal on the Accrual Classes as described under “—Distributions of Principal” below.

*Notional Class and Component.* The Notional Class and Component will not have principal balances. During each Interest Accrual Period, the Notional Class and Component will bear interest on their notional principal balances at their applicable interest rates. The notional principal balances of the Notional Class and Component will be calculated as specified under “Reference Sheet—Notional Class and Component” in this prospectus supplement.

We use the notional principal balance of a Notional Class or Component to determine interest payments on that Class Component. Although a Notional Class Component will not have a principal balance and will not be entitled to any principal payments, we will publish a class factor for that Class or Component. References in this prospectus supplement to the principal balances of the Certificates generally shall refer also to the notional principal balances of the Notional Class and Component.

*QF, QS and SQ Classes.* During each Interest Accrual Period, the QF, QS and SQ Classes will bear interest at rates determined as described under “Reference Sheet—Interest Rates” in this prospectus supplement.

Changes in the specified interest rate index (the “Index”) will affect the yields with respect to the related Classes. These changes may not correspond to changes in mortgage interest rates. Lower mortgage interest rates could occur while an increase in the level of the Index occurs. Similarly, higher mortgage interest rates could occur while a decrease in the level of the Index occurs.

Our establishment of each Index value and our determination of the interest rate for each applicable Class for the related Interest Accrual Period will be final and binding in the absence of manifest error. You may obtain each such interest rate by telephoning us at 1-800-237-8627.

*Amounts Available for Payments of Interest on the A and IP Classes.* On each Distribution Date, the amount available for payments of interest on the A and IP Classes in the aggregate (the “Group 2 Available Interest Amount”) will be equal to the *lesser* of

- the *sum* of the aggregate amount of interest distributions on the Group 2 MBS on that date *plus* the ARM Loan Deferred Interest Amount, if any, for that date

*and*

- the aggregate of distributions (including principal and interest) on the Group 2 MBS on that date.

For any Distribution Date, the “ARM Loan Deferred Interest Amount” is the aggregate amount of Deferred Interest added to the principal balances of the ARM Loans as of the first day of the month in which the Distribution Date occurs.

On each Distribution Date, the amount available for the payment of interest on the A Class (including Interest Carryover Amount) will be an amount up to the Group 2 Available Interest Amount, but in no event in excess of the *sum* of the A Class Interest Payment Cap Amount for such date *plus* the Interest Carryover Amount, if any, payable from amounts otherwise payable as interest on the IP1 Component.

The “A Class Interest Payment Cap Amount” for any Distribution Date will be equal to the amount of interest calculated on the principal balance of the A Class at an annual rate equal to a fraction, expressed as a percentage, the *numerator* of which is the Group 2 Available Interest Amount for that date, and the *denominator* of which is the principal balance of the Group 2 MBS (before giving effect to distributions made and any additions to principal on that date, and adjusted to take into account the number of days in the related Interest Accrual Period).

On each Distribution Date, the amount available for the payment of interest on the IP Class will be equal to the *excess* of

- the Group 2 Available Interest Amount for that date

*over*

- the amount payable as interest on the A Class for that date as described above.

*The A Class.* On the initial Distribution Date, we will pay interest on the A Class at an annual rate equal to 3.79%. Subject to the limitations described below, on each subsequent Distribution Date we will pay interest on the A Class in an amount calculated at an annual rate (the “A Class Interest Rate”) equal to the *lesser* of

- the A Class Formula Rate for the related Interest Accrual Period and
- the Weighted Average Group 2 MBS Pass-Through Rate for that Distribution Date.

The “A Class Formula Rate” will be based on the formula indicated below, but always subject to the specified maximum and minimum interest rates:

<u>Maximum Interest Rate</u>	<u>Minimum Interest Rate</u>	<u>Formula for Calculation of Interest Rate(1)</u>
8.80%	0.15%	LIBOR + 15 basis points

(1) We will establish LIBOR on the basis of the “BBA Method.”

Changes in the Index will affect the yield with respect to the A Class. These changes may not correspond to changes in mortgage interest rates. Lower mortgage interest rates could occur while an increase in the level of the Index occurs. Similarly, higher mortgage interest rates could occur while a decrease in the level of the Index occurs.

The “Weighted Average Group 2 MBS Pass-Through Rate” for any Distribution Date is equal to the weighted average of the Pass-Through Rates of the Group 2 MBS for that Distribution Date, weighted on the basis of the principal balances of the Group 2 MBS on the day immediately preceding that Distribution Date (adjusted to take into account the number of days in the related Interest Accrual Period).

The application of the Weighted Average Group 2 MBS Pass-Through Rate cap to the A Class may reduce the interest rate on the A Class and result in the creation of Interest Carryover Amounts. “Interest Carryover Amount” means, with respect to any Distribution Date, the *sum* of

- interest on the principal balance of the A Class at the *excess* of the A Class Formula Rate for the related Interest Accrual Period *over* the Weighted Average Group 2 MBS Pass-Through Rate for that Distribution Date (but not less than zero)

*plus*

- the unpaid portion of any such excess for prior Distribution Dates.

The Interest Carryover Amount will not bear interest.

On each Distribution Date after October 2005, we also will pay to the A Class an amount up to the Interest Carryover Amount, if any, for that Distribution Date to the extent the Group 2 Available Interest Amount for that Distribution Date exceeds the amount of current interest due on the A Class on that Distribution Date. **Our guaranty will not cover any Interest Carryover Amounts.**

On the initial Distribution Date, in the event the aggregate amount of interest distributed on the Group 2 MBS on that date is insufficient to pay the full amount of interest required to be paid on the A Class, any shortfall will be paid from the A Class Deposit. We currently expect the A Class Deposit to be an amount equal to approximately \$330,000. However, the exact amount of the A Class Deposit will depend on the extent to which the characteristics of the Group 2 MBS differ from the assumed characteristics specified in this prospectus supplement.

On each Distribution Date after October 2005, if as a result of the negative amortization feature of the ARM Loans the A Class Interest Payment Cap Amount for that date is insufficient to pay interest on the A Class at the A Class Interest Rate, the amount of interest required to be paid on the A Class on that date will be reduced (but not to less than zero) by the amount of such insufficiency (such amount, the “A Class Net Deferred Interest”). On each Distribution Date, the principal balance of the A Class will be increased by the A Class Net Deferred Interest, if any, for such date.

Our establishment of each Index value and our determination of the A Class Interest Rate for the related Interest Accrual Period will be final and binding in the absence of manifest error. You may obtain each such interest rate by telephoning us at 1-800-237-8627.

*The IP1 Component.* Subject to the limitations described below, on each Distribution Date, we will pay interest on the IP1 Component at an annual rate equal to the *excess* of

- the Weighted Average Group 2 MBS Pass-Through Rate
- over*
- the A Class Interest Rate *multiplied* by a fraction, the numerator of which is the principal balance of the A Class immediately prior to such Distribution Date and the denominator of which is the principal balance of the Group 2 MBS immediately prior to such date.

Notwithstanding the foregoing, the interest payable on the IP1 Component on any Distribution Date will be reduced (but not to less than zero) by the amount of any Interest Carryover Amount actually paid on the A Class on that date. The amount of any such reduction will **not** be covered by our guaranty and will **not** be payable on any subsequent Distribution Date.

Furthermore, on any Distribution Date if the Group 2 MBS Net Deferred Interest exceeds the A Class Net Deferred Interest for that Distribution Date, the amount payable on the IP1 Component on that date will be reduced (but not to less than zero) by the amount of such excess, and the principal balance of the IP2 Component will be increased by the amount of such excess. We refer to the amount of any such excess as the “IP Class Net Deferred Interest.”

The “Group 2 MBS Net Deferred Interest” for any Distribution Date is the *excess*, if any, of

- the aggregate amount of ARM Loan Deferred Interest Amount added to the principal balances of the Group 2 MBS as of the first day of the month in which that Distribution Date occurs

*over*

- the aggregate amount of principal distributions on the Group 2 MBS on that Distribution Date.

### **Calculation of LIBOR**

On each Index Determination Date, we will calculate LIBOR for the related Interest Accrual Period. We will calculate LIBOR on the basis of the “BBA Method,” as described in the REMIC Prospectus under “Description of Certificates—Indexes for Floating Rate Classes and Inverse Floating Rate Classes—*LIBOR*.”

If we are unable to calculate LIBOR on the initial Index Determination Date, LIBOR for the following Interest Accrual Period will be equal to 3.73% in the case of the QF, QS and SQ Classes, and 3.64% in the case of the A Class.

### **Distributions of Principal**

#### *Categories of Classes and Components*

For the purpose of principal payments, the Classes and Components fall into the following categories:

<u>Principal Type*</u>	<u>Classes and Components</u>
<b>Group 1 Classes</b>	
PAC	PG, PB, PC, PD, WD and WZ
Support	QZ, QO, QF and QS
Sequential Pay	VA, VB and ZC
Accretion Directed	VA, VB, WD, QO, QF and QS
Notional	PI
RCR**	PH, PA, WM, BK, GS, T and SQ

<u>Principal Type*</u>	<u>Classes and Components</u>
<b>Group 2 Classes and Components</b>	
Sequential Pay Component	A and IP2
Notional	IP
	IP1
<b>No Payment Residual</b>	R and RL

\* See “Description of Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus.

\*\* See “—Combination and Recombination” above and Schedule 1 for a further description of the RCR Classes.

*Components.* For purposes of calculating the principal payments it receives, the IP Class consists of the payment components having the designations and original principal or notional principal balances specified in this prospectus supplement under “Reference Sheet—Components.” The payment characteristics of the IP Class will reflect a combination of the payment characteristics of its components. Components are not separately tradeable from the related Class.

### *Principal Distribution Amount*

On the Distribution Date in each month, we will pay principal on the Certificates in an aggregate amount (the “Principal Distribution Amount”) equal to the sum of

- the principal then paid on the Group 1 MBS (the “Group 1 Cash Flow Distribution Amount”) plus any interest then accrued and added to the principal balances of the WZ, QZ and ZC Classes (the “WZ Accrual Amount”, “QZ Accrual Amount” and “ZC Accrual Amount,” respectively, and together with the Group 1 Cash Flow Distribution Amount, the “Group 1 Principal Distribution Amount”), and
- the aggregate amount of principal distributions on the Group 2 MBS on such date *less* the amount of principal distributions applied to pay interest on the A Class and IP1 Component on that date as described under “—Distributions of Interest—*The A Class*” and “—*The IP1 Component*” in this prospectus supplement (the “Group 2 Principal Distribution Amount”).

### *Group 1 Principal Distribution Amount*

#### *WZ Accrual Amount*

On each Distribution Date, we will pay the WZ Accrual Amount as principal of the WD Class, until its principal balance is reduced to zero. Thereafter, we will pay the WZ Accrual Amount as principal of the WZ Class. } Accretion Directed Class and Accrual Class

#### *QZ Accrual Amount*

On each Distribution Date, we will pay the QZ Accrual Amount, concurrently, as principal of the QO, QF and QS Classes, pro rata (or 9.0909091732%, 66.6666666666% and 24.2424241602%, respectively), until their principal balances are reduced to zero. Thereafter, we will pay the QZ Accrual Amount as principal of the QZ Class. } Accretion Directed Classes and Accrual Class

#### *ZC Accrual Amount*

On each Distribution Date, we will pay the ZC Accrual Amount, sequentially, as principal of the VA and VB Classes, in that order, until their principal balances are reduced to zero. Thereafter, we will pay the ZC Accrual Amount as principal of the ZC Class. } Accretion Directed Classes and Accrual Class

*Group 1 Cash Flow Distribution Amount*

On each Distribution Date, we will pay the Group 1 Cash Flow Distribution Amount as principal of the Group 1 Classes in the following priority:

- (i) to Aggregate Group I (described below), until the Aggregate I Balance (described below) is reduced to its Planned Balance for that Distribution Date;
- (ii) to Aggregate Group II (described below), until the Aggregate II Balance (described below) is reduced to its Planned Balance for that Distribution Date;
- (iii) concurrently, to the QO, QF and QS Classes, pro rata, until their principal balances are reduced to zero;
- (iv) to the QZ Class, until its principal balance is reduced to zero;
- (v) to Aggregate Group II, without regard to its Planned Balance and until the Aggregate II Balance is reduced to zero;
- (vi) to Aggregate Group I, without regard to its Planned Balance and until the Aggregate I Balance is reduced to zero; and
- (vii) sequentially, to the VA, VB and ZC Classes, in that order, until their principal balances are reduced to zero.

PAC  
Groups

Support  
Classes

PAC Groups

Sequential  
Pay Classes

“Aggregate Group I” consists of the PG, PB, PC and PD Classes. On each Distribution Date, we will apply payments of principal of Aggregate Group I, sequentially, to the PG, PB, PC and PD Classes, in that order, until their principal balances are reduced to zero.

The “Aggregate I Balance” is equal to the aggregate of the principal balances of the Classes included in Aggregate Group I.

“Aggregate Group II” consists of the WD and WZ Classes. On each Distribution Date, we will apply payments of principal of Aggregate Group II, sequentially, to the WD and WZ Classes, in that order, until their principal balances are reduced to zero.

The “Aggregate II Balance” is equal to the aggregate of the principal balances of the Classes included in Aggregate Group II. For determining principal payments on a Distribution Date, the Aggregate II Balance will include any increase in the principal balance of the WZ Class on that date.

We will apply principal payments from exchanged REMIC Certificates to the corresponding RCR Certificates, on a pro rata basis, following any exchange.

*Group 2 Principal Distribution Amount*

On each Distribution Date, we will pay the Group 2 Principal Distribution Amount, sequentially, as principal of the A Class and the IP2 Component, in that order, until their principal balances are reduced to zero.

Sequential  
Pay Class  
and  
Component

*Additions to Principal Balance of the A Class*

On each Distribution Date, the principal balance of the A Class will be increased by the amount, if any, of the A Class Net Deferred Interest for that Distribution Date.

*Additions to Principal Balance of the IP2 Component*

On each Distribution Date, the principal balance of the IP2 Component will be increased by the amount, if any, of the IP Class Net Deferred Interest for that Distribution Date.

## Structuring Assumptions

*Pricing Assumptions.* Except where otherwise noted, the information in the tables in this prospectus supplement has been prepared based on the following assumptions (the “Pricing Assumptions”):

- the Fixed Rate Loans underlying the Group 1 MBS have the original terms to maturity, remaining terms to maturity, WALAs and interest rates specified under “Reference Sheet— Assumed Characteristics of the Mortgage Loans Underlying the Group 1 MBS” in this prospectus supplement;
- the ARM Loans underlying the Group 2 MBS have the aggregate characteristics set forth in Exhibit A to this prospectus supplement;
- the MTA Index value is and remains 3.019%;
- in the case of the A Class, LIBOR is and remains 3.640%;
- the Mortgage Loans prepay at the constant percentages of PSA or CPR, as applicable, specified in the related table;
- in the case of the ARM Loans underlying the Group 2 MBS, borrower payments of any amounts in excess of the required Monthly Payment Amounts will be treated as prepayments of principal;
- the settlement date for the sale of the Certificates is September 29, 2005; and
- each Distribution Date occurs on the 25th day of a month.

*Prepayment Assumptions.* Prepayments of mortgage loans commonly are measured relative to a prepayment standard or model. The model used in this prospectus supplement for the Group 1 Classes is The Bond Market Association’s standard prepayment model (“PSA”). To assume a specified rate of PSA is to assume a specified rate of prepayment each month of the then-outstanding principal balance of a pool of new mortgage loans computed as described under “Description of Certificates— Prepayment Models” in the REMIC Prospectus. The model used in this prospectus for the Group 2 Classes is the constant prepayment model (“CPR”), which represents the annual rate of prepayments relative to the then outstanding principal balance of a pool of new mortgage loans. Thus, “0% CPR” means no prepayments, “30% CPR” means an annual prepayment rate of 30%, and so forth. It is highly unlikely that prepayments will occur at any *constant* PSA or CPR rate, as applicable, or at any other *constant* rate.

*Structuring Ranges.* The Principal Balance Schedules are found beginning on page B-1 of this prospectus supplement. The Principal Balance Schedules have been prepared on the basis of the Pricing Assumptions and the assumption that the related Mortgage Loans will prepay at a constant PSA rate within the applicable Structuring Ranges set forth below.

<u>Principal Balance Schedule References</u>	<u>Related Groups (1)</u>	<u>Structuring Ranges</u>
Planned Balances	Aggregate Group I	Between 100% and 250% PSA
Planned Balances	Aggregate Group II	Between 115% and 205% PSA

(1) The Structuring Ranges for the Aggregate Groups are associated with the related Aggregate Balances but not with the individual balances of the related Classes.

**We cannot assure you that the balance of any Group listed above will conform on any Distribution Date to the specified balance in the Principal Balance Schedules. As a result, we cannot assure you that payments of principal of any Group listed above will begin or end on the Distribution Dates specified in the Principal Balance Schedules.** We will distribute any excess of principal payments over the amount needed to reduce a Group to its scheduled balance on a Distribution Date. Accordingly, the ability to reduce a Group to its scheduled balance will not be

improved by the averaging of high and low principal payments from month to month. In addition, even if the related Mortgage Loans prepay at rates falling within the applicable Structuring Ranges, principal distributions may be insufficient to reduce the applicable Groups to their scheduled balances if the prepayments do not occur at a *constant* PSA rate. Moreover, because of the diverse remaining terms to maturity of the related Mortgage Loans, which may include recently originated Mortgage Loans, the Groups specified above may not be reduced to their scheduled balances, even if prepayments occur at a *constant* rate within the applicable Structuring Ranges specified above.

*Initial Effective Ranges.* The Effective Range for a Group is the range of prepayment rates (measured by *constant* PSA rates) which would reduce that Group to its scheduled balance on each Distribution Date. The Initial Effective Ranges shown in the table below are based upon the assumed characteristics of the related Mortgage Loans specified in the Pricing Assumptions.

<u>Groups</u>	<u>Initial Effective Ranges</u>
Aggregate Group I	Between 100% and 250% PSA
Aggregate Group II	Between 115% and 205% PSA

The actual Effective Ranges at any time will be based upon the actual characteristics of the related Mortgage Loans at that time, which are likely to vary (and may vary considerably) from the Pricing Assumptions. The actual Effective Ranges calculated on the basis of the actual characteristics are likely to differ from the Initial Effective Ranges. As a result, the applicable Groups might not be reduced to their scheduled balances even if prepayments were to occur at a *constant* PSA rate within the Initial Effective Ranges. This is so particularly if the rate were at the lower or higher end of this range. In addition, even if prepayments occur at rates falling within the actual Effective Ranges, principal distributions may be insufficient to reduce the applicable Groups to their scheduled balances if such prepayments do not occur at a *constant* PSA rate. It is highly unlikely that the related Mortgage Loans will prepay at any *constant* PSA rate. In general, the actual Effective Ranges may narrow, widen or shift upward or downward to reflect actual prepayment experience over time.

The stability in principal payment of the Classes specified below will be supported by the corresponding supporting Classes as indicated in the follow table:

<u>Classes</u>	<u>Supporting Classes</u>
Aggregate Group I	Aggregate Group II and Support
Aggregate Group II	Support

When the supporting Classes are retired, the Classes they support, if still outstanding, may no longer have Effective Ranges and will be more sensitive to prepayments.

## Yield Tables

*General.* The tables below illustrate the sensitivity of the pre-tax corporate bond equivalent yields to maturity of the applicable Classes to various constant percentages of PSA or CPR, as applicable, and, where specified, to changes in LIBOR. We calculated the yields set forth in the tables by

- determining the monthly discount rates that, when applied to the assumed streams of cash flows to be paid on the applicable Classes, would cause the discounted present values of the assumed streams of cash flows to equal the assumed aggregate purchase prices of those Classes, and
- converting the monthly rates to corporate bond equivalent rates.

These calculations do not take into account variations in the interest rates at which you could reinvest distributions on the Certificates. Accordingly, these calculations do not illustrate the return on any investment in the Certificates when reinvestment rates are taken into account.

We cannot assure you that

- the pre-tax yields on the applicable Certificates will correspond to any of the pre-tax yields shown here, or
- the aggregate purchase prices of the applicable Certificates will be as assumed.

In addition, it is unlikely that LIBOR will correspond to the levels shown here. Furthermore, because some of the Mortgage Loans are likely to have remaining terms to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed, the principal payments on the Certificates are likely to differ from those assumed. This would be the case even if all of the Mortgage Loans prepay at the indicated constant percentages of PSA or CPR, as applicable. Moreover, it is unlikely that

- all of the Mortgage Loans will prepay at a constant PSA or CPR rate, as applicable, until maturity,
- all of the Mortgage Loans will prepay at the same rate, or
- the level of LIBOR will remain constant.

***The Fixed Rate Interest Only Class.*** The yields to investors in the Fixed Rate Interest Only Class will be very sensitive to the rate of principal payments (including prepayments) of the related Mortgage Loans. The Mortgage Loans generally can be prepaid at any time without penalty. On the basis of the assumptions described below, the yield to maturity on the Fixed Rate Interest Only Class would be 0% if prepayments of the related Mortgage Loans were to occur at the constant rates shown in the table below:

<u>Class</u>	<u>% PSA</u>
PI .....	383% PSA

**If the actual prepayment rate of the related Mortgage Loans were to exceed the level specified for as little as one month while equaling that level for the remaining months, the investors in the PI Class would lose money on their initial investments.**

The information shown in the yield table has been prepared on the basis of the Pricing Assumptions and the assumption that the aggregate purchase price of the Fixed Rate Interest Only Class (expressed as a percentage of original principal balance) is as follows:

<u>Class</u>	<u>Price*</u>
PI .....	11.15625%

\* The price does not include accrued interest. Accrued interest has been added to the price in calculating the yields set forth in the table below.

### Sensitivity of the PI Class to Prepayments

	<u>PSA Prepayment Assumption</u>						
	<u>50%</u>	<u>100%</u>	<u>115%</u>	<u>160%</u>	<u>205%</u>	<u>250%</u>	<u>500%</u>
Pre-Tax Yields to Maturity ...	25.8%	12.0%	12.0%	12.0%	12.0%	12.0%	(22.9)%

***The Principal Only Class.*** The Principal Only Class will not bear interest. As indicated in the applicable table below, a low rate of principal payments (including prepayments) on the related Mortgage Loans will have a negative effect on the yield to investors in the Principal Only Class.

The information shown in the yield table has been prepared on the basis of the Pricing Assumptions and the assumption that the aggregate purchase price of the Principal Only Class (expressed as a percentage of original principal balance) is as follows:

<u>Class</u>	<u>Price</u>
QO .....	74.1875%

### Sensitivity of the QO Class to Prepayments

	<u>PSA Prepayment Assumption</u>						
	<u>50%</u>	<u>100%</u>	<u>115%</u>	<u>160%</u>	<u>205%</u>	<u>250%</u>	<u>500%</u>
Pre-Tax Yields to Maturity ...	1.6%	2.0%	2.2%	4.1%	8.9%	19.3%	72.7%

*The Inverse Floating Rate Classes.* The yields on the Inverse Floating Rate Classes will be sensitive in varying degrees to the rate of principal payments, including prepayments, of the related Mortgage Loans and to the level of LIBOR. The Mortgage Loans generally can be prepaid at any time without penalty. In addition, the rate of principal payments (including prepayments) of the Mortgage Loans is likely to vary, and may vary considerably, from pool to pool.

Changes in LIBOR may not correspond to changes in prevailing mortgage interest rates. It is possible that lower prevailing mortgage interest rates, which might be expected to result in faster prepayments, could occur while the level of the Index increased.

The information shown in the yield tables has been prepared on the basis of the Pricing Assumptions and the assumptions that

- the interest rates for the Inverse Floating Rate Classes for the initial Interest Accrual Period are the rates listed in the table under “Reference Sheet—Interest Rates” in this prospectus supplement and for each following Interest Accrual Period will be based on the specified level of LIBOR, and
- the aggregate purchase prices of those Classes (expressed in each case as a percentage of original principal balance) are as follows:

<u>Class</u>	<u>Price*</u>
QS .....	96.09375%
SQ .....	97.28125%

\* The prices do not include accrued interest. Accrued interest has been added to the prices in calculating the yields set forth in the tables below.

### Sensitivity of the QS Class to Prepayments and LIBOR (Pre-Tax Yields to Maturity)

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>						
	<u>50%</u>	<u>100%</u>	<u>115%</u>	<u>160%</u>	<u>205%</u>	<u>250%</u>	<u>500%</u>
1.73% .....	16.0%	16.0%	16.0%	16.4%	16.9%	18.0%	23.5%
3.73% .....	10.1%	10.1%	10.1%	10.4%	11.1%	12.3%	18.3%
5.73% .....	4.3%	4.3%	4.4%	4.6%	5.3%	6.7%	13.2%
7.15% .....	0.2%	0.3%	0.3%	0.6%	1.2%	2.7%	9.6%

**Sensitivity of the SQ Class to Prepayments and LIBOR  
(Pre-Tax Yields to Maturity)**

<u>LIBOR</u>	<u>PSA Prepayment Assumption</u>						
	<u>50%</u>	<u>100%</u>	<u>115%</u>	<u>160%</u>	<u>205%</u>	<u>250%</u>	<u>500%</u>
1.73% .....	10.3%	10.3%	10.3%	10.5%	10.9%	11.7%	15.6%
3.73% .....	7.7%	7.7%	7.7%	7.9%	8.3%	9.2%	13.3%
5.73% .....	5.1%	5.1%	5.1%	5.3%	5.7%	6.7%	11.0%
7.15% .....	3.2%	3.3%	3.3%	3.5%	3.9%	4.9%	9.4%

*The IP Class.* The yield on the IP Class will be sensitive to the rate of principal payments, including prepayments, of the ARM Loans, to the relationship over time of LIBOR and the MTA Index, and to the level of LIBOR. The ARM Loans generally can be prepaid at any time without penalty. In addition, the rate of principal payments (including prepayments) of the ARM Loans is likely to vary, and may vary considerably, from pool to pool.

Changes in LIBOR and/or the MTA Index may not correspond to changes in prevailing mortgage interest rates. It is possible that lower prevailing mortgage interest rates, which might be expected to result in faster prepayments, could occur while the level of LIBOR and/or the MTA Index increased.

The rate of payments on the IP Class will also be subject to various additional limitations and factors, including the effect of monthly interest rate adjustments and annual payment adjustments on the related Mortgage Loans, and various payment options generally available to the related borrowers as described in this prospectus supplement under “Characteristics of the ARM Loans.”

The information shown in the yield table has been prepared on the basis of the Pricing Assumptions and the assumptions that the aggregate purchase price of the IP Class (expressed as a percentage of its original notional principal balance) is as follows:

<u>Class</u>	<u>Price*</u>
IP .....	3.5%

\* The price does not include accrued interest.

**Sensitivity of the IP Class to Prepayments**

	<u>CPR Prepayment Assumption</u>				
	<u>0%</u>	<u>10%</u>	<u>20%</u>	<u>30%</u>	<u>40%</u>
Pre-tax Yield to Maturity ..	23.4%	23.1%	10.6%	(2.7)%	(17.0)%

**Principal Distribution Table for the IP2 Component**

The following table shows the amounts that would be available for principal payments on the IP2 Component at various constant percentages of CPR based on the payment allocations described under “—Distributions of Principal” in this prospectus supplement. The amounts shown in the table have been calculated on the basis of the Pricing Assumptions and are hypothetical numbers only.

It is highly unlikely that

- the ARM Loans will have the assumed characteristics or
- the ARM Loans will prepay at the constant CPR rates shown in the table or at any other constant rate.

The rate of principal distributions on the IP2 Component will depend on the actual amortization and prepayments of the ARM Loans, which will likely include ARM Loans that have remaining terms

to maturity shorter or longer than those assumed and interest rates higher or lower than those assumed. As a result, the amounts added to the principal balance of the IP2 Component or the amounts distributed thereon are likely to differ from those shown in the table below even if all the ARM Loans prepay at the indicated constant percentages for CPR.

In addition, it is highly unlikely that the ARM Loans will prepay at a constant CPR rate until maturity or that all of the ARM Loans will prepay at the same rate. The timing of changes in prepayment rates may significantly affect the amount of principal distributions even if the average prepayment rate is consistent with the investor's expectation.

Principal distributions will also be affected by the payment priority governing the Group 2 Classes. In particular, the IP2 Component is not entitled to receive any principal distributions until the principal balance of the A Class is reduced to zero.

Although we guarantee payment of interest and principal of the IP Class subject to the limitations described in this prospectus supplement, we can give no assurance as to any particular principal payment scenario.

**Aggregate Principal Distributions on the IP2 Component  
(for illustrative purposes only)**

**(Amounts in thousands)**

<u>Distribution Date</u>	<u>CPR Prepayment Assumption</u>				
	<u>0%</u>	<u>10%</u>	<u>20%</u>	<u>30%</u>	<u>40%</u>
September 2006 .....	\$ (2,528) *	\$0	\$0	\$0	\$0
September 2007 .....	(2,187) *	0	0	0	0
September 2008 .....	(1,309) *	0	0	0	0
September 2009 .....	(300) *	0	0	0	0
September 2010 .....	0	0	0	0	0
September 2011 .....	0	0	0	0	0
September 2012 .....	0	0	0	0	0
September 2013 .....	0	0	0	0	0
September 2014 .....	0	0	0	0	0
September 2015 .....	0	0	0	0	0
September 2016 .....	0	0	0	0	0
September 2017 .....	0	0	0	0	0
September 2018 .....	0	0	0	0	0
September 2019 .....	0	0	0	0	0
September 2020 .....	0	0	0	0	0
September 2021 .....	0	0	0	0	0
September 2022 .....	0	0	0	0	0
September 2023 .....	0	0	0	0	0
September 2024 .....	0	0	0	0	0
September 2025 .....	0	0	0	0	0
September 2026 .....	0	0	0	0	0
September 2027 .....	0	0	0	0	0
September 2028 .....	0	0	0	0	0
September 2029 .....	0	0	0	0	0
September 2030 .....	0	0	0	0	0
September 2031 .....	0	0	0	0	0
September 2032 .....	0	0	0	0	0
September 2033 .....	0	0	0	0	0
September 2034 .....	0	0	0	0	0
September 2035 .....	6,325 **	0	0	0	0

\* Represents IP Class Net Deferred Interest that is added to the principal balance of the IP2 Component.

\*\* Amount may not equal the aggregate addition to the principal balance of the IP2 Component due to rounding.

## Weighted Average Lives of the Certificates

The weighted average life of a Certificate is determined by

- (a) multiplying the amount of the reduction, if any, of the principal balance of the Certificate from one Distribution Date to the next Distribution Date by the number of years from the Settlement Date to the second such Distribution Date,
- (b) summing the results, and
- (c) dividing the sum by the aggregate amount of the reductions in principal balance of the Certificate referred to in clause (a).

For a description of the factors which may influence the weighted average life of a Certificate, see “Description of Certificates—Weighted Average Life and Final Distribution Date” in the REMIC Prospectus.

In general, the weighted average lives of the Certificates will be shortened if the level of prepayments of principal of the related Mortgage Loans increases. However, the weighted average lives will depend upon a variety of other factors, including

- the timing of changes in the rate of principal payments,
- the priority sequences of payments of principal of the Classes, and
- in the case of the Group 1 Classes, the payment of principal of certain Classes in accordance with the Principal Balance Schedules.

See “—Distributions of Principal” above.

The effect of these factors may differ as to various Classes and the effects on any Class may vary at different times during the life of that Class. Accordingly, we can give no assurance as to the weighted average life of any Class. Further, to the extent the prices of the Certificates represent discounts or premiums to their original principal balances, variability in the weighted average lives of those Classes of Certificates could result in variability in the related yields to maturity. For an example of how the weighted average lives of the Classes may be affected at various constant prepayment rates, see the Decrement Tables below.

As described under “Reference Sheet—Components” in this prospectus supplement, the IP Class consists of multiple payment components for purposes of calculating payments. Since the components are not divisible, the payment characteristics of the IP Class will reflect a combination of the payment characteristics of the components.

## Decrement Tables

The following tables indicate the percentages of original principal balances of the specified Classes and Component that would be outstanding after each date shown at various constant PSA or CPR rates, as applicable, and the corresponding weighted average lives of the Classes and Component. The tables have been prepared on the basis of the Pricing Assumptions. However, in the case of the information set forth for each Group 1 Class under 0% PSA, we assumed that the Fixed-Rate Loans have the original and remaining terms to maturity and bear interest at the annual rates specified in the table below.

<u>Original Terms to Maturity</u>	<u>Remaining Terms to Maturity</u>	<u>Interest Rates</u>
360 months	360 months	7.50%

It is unlikely

- that all of the underlying Mortgage Loans will have the interest rates, WALAs or remaining terms to maturity assumed or
- that all of the underlying Mortgage Loans will prepay at any *constant* PSA or CPR rate, as applicable.

In addition, the diverse remaining terms to maturity of the Mortgage Loans could produce slower or faster principal distributions than indicated in the tables at the specified constant PSA or CPR rates, as applicable. This is the case even if the dispersion of weighted average remaining terms to maturity and the weighted average WALAs of the Mortgage Loans are identical to the dispersion specified in the Pricing Assumptions.

## Percent of Original Principal Balances Outstanding

Date	VA Class							VB Class							ZC Class						
	PSA Prepayment Assumption							PSA Prepayment Assumption							PSA Prepayment Assumption						
	0%	100%	115%	160%	205%	250%	500%	0%	100%	115%	160%	205%	250%	500%	0%	100%	115%	160%	205%	250%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
September 2006	93	93	93	93	93	93	93	100	100	100	100	100	100	100	100	100	100	105	105	105	105
September 2007	86	86	86	86	86	86	86	100	100	100	100	100	100	100	100	100	100	110	110	110	110
September 2008	78	78	78	78	78	78	78	100	100	100	100	100	100	100	100	100	100	116	116	116	116
September 2009	70	70	70	70	70	70	70	100	100	100	100	100	100	100	100	100	100	122	122	122	122
September 2010	61	61	61	61	61	61	61	100	100	100	100	100	100	100	100	100	100	128	128	128	128
September 2011	52	52	52	52	52	52	0	100	100	100	100	100	100	100	60	60	60	135	135	135	135
September 2012	42	42	42	42	42	42	0	100	100	100	100	100	100	2	2	2	142	142	142	142	
September 2013	32	32	32	32	32	32	0	100	100	100	100	100	100	0	0	0	149	149	149	149	
September 2014	22	22	22	22	22	22	0	100	100	100	100	100	100	0	0	0	157	157	157	157	
September 2015	11	11	11	11	11	11	0	100	100	100	100	100	100	0	0	0	165	165	165	165	
September 2016	0	0	0	0	0	0	0	100	100	100	100	100	65	0	0	0	173	173	173	173	
September 2017	0	0	0	0	0	0	0	93	93	93	93	93	21	0	0	0	182	182	182	182	
September 2018	0	0	0	0	0	0	0	85	85	85	85	50	0	0	0	0	191	191	191	191	
September 2019	0	0	0	0	0	0	0	78	78	78	78	9	0	0	0	0	201	201	201	201	
September 2020	0	0	0	0	0	0	0	70	70	70	53	0	0	0	0	0	211	211	211	211	
September 2021	0	0	0	0	0	0	0	61	61	61	11	0	0	0	0	0	222	222	222	222	
September 2022	0	0	0	0	0	0	0	52	52	52	0	0	0	0	0	0	234	234	234	234	
September 2023	0	0	0	0	0	0	0	43	43	30	0	0	0	0	0	0	246	246	246	246	
September 2024	0	0	0	0	0	0	0	33	25	0	0	0	0	0	0	0	258	258	242	138	
September 2025	0	0	0	0	0	0	0	23	0	0	0	0	0	0	0	0	271	246	203	113	
September 2026	0	0	0	0	0	0	0	12	0	0	0	0	0	0	0	0	285	204	167	90	
September 2027	0	0	0	0	0	0	0	*	0	0	0	0	0	0	0	0	300	166	134	70	
September 2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	300	129	104	53	
September 2029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	300	95	76	37	
September 2030	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	300	64	50	24	
September 2031	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	300	34	27	12	
September 2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	300	7	5	2	
September 2033	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	300	0	0	0	
September 2034	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	161	0	0	0	
September 2035	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Weighted Average Life (years)**	6.0	6.0	6.0	6.0	6.0	6.0	4.3	17.0	16.6	16.2	14.7	13.0	11.4	6.2	29.1	23.1	22.5	20.6	18.6	16.7	

Date	PG, PI†, PH and PA Classes							PB Class							PC Class						
	PSA Prepayment Assumption							PSA Prepayment Assumption							PSA Prepayment Assumption						
	0%	100%	115%	160%	205%	250%	500%	0%	100%	115%	160%	205%	250%	500%	0%	100%	115%	160%	205%	250%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
September 2006	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
September 2007	96	70	70	70	70	70	30	100	100	100	100	100	100	100	100	100	100	100	100	100	
September 2008	91	41	41	41	41	41	0	100	100	100	100	100	100	48	48	48	100	100	100	100	
September 2009	86	15	15	15	15	15	0	100	100	100	100	100	100	0	0	0	100	100	100	36	
September 2010	81	0	0	0	0	0	0	100	84	84	84	84	84	0	0	0	100	100	100	0	
September 2011	75	0	0	0	0	0	0	100	48	48	48	48	48	0	0	0	100	100	100	0	
September 2012	69	0	0	0	0	0	0	100	14	14	14	14	14	0	0	0	100	100	100	0	
September 2013	62	0	0	0	0	0	0	100	0	0	0	0	0	0	0	0	100	45	45	45	
September 2014	55	0	0	0	0	0	0	100	0	0	0	0	0	0	0	0	100	0	0	0	
September 2015	47	0	0	0	0	0	0	100	0	0	0	0	0	0	0	0	100	0	0	0	
September 2016	39	0	0	0	0	0	0	100	0	0	0	0	0	0	0	0	100	0	0	0	
September 2017	30	0	0	0	0	0	0	100	0	0	0	0	0	0	0	0	100	0	0	0	
September 2018	20	0	0	0	0	0	0	100	0	0	0	0	0	0	0	0	100	0	0	0	
September 2019	10	0	0	0	0	0	0	100	0	0	0	0	0	0	0	0	100	0	0	0	
September 2020	0	0	0	0	0	0	0	98	0	0	0	0	0	0	0	0	100	0	0	0	
September 2021	0	0	0	0	0	0	0	80	0	0	0	0	0	0	0	0	100	0	0	0	
September 2022	0	0	0	0	0	0	0	60	0	0	0	0	0	0	0	0	100	0	0	0	
September 2023	0	0	0	0	0	0	0	38	0	0	0	0	0	0	0	0	100	0	0	0	
September 2024	0	0	0	0	0	0	0	15	0	0	0	0	0	0	0	0	100	0	0	0	
September 2025	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	67	0	0	0	
September 2026	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
September 2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
September 2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
September 2029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
September 2030	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
September 2031	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
September 2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
September 2033	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
September 2034	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
September 2035	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Weighted Average Life (years)**	9.2	2.8	2.8	2.8	2.8	2.8	1.8	17.4	6.0	6.0	6.0	6.0	6.0	3.0	20.2	8.0	8.0	8.0	8.0	4.0	

\* Indicates an outstanding balance greater than 0% and less than 0.5% of the original principal balance.  
 \*\* Determined as specified under “—Weighted Average Lives of the Certificates” above.  
 † In the case of a Notional Class, the Decrement Table indicates the percentage of the original notional principal balance outstanding.

Date	PD Class							WD Class							WZ Class							
	PSA Prepayment Assumption							PSA Prepayment Assumption							PSA Prepayment Assumption							
	0%	100%	115%	160%	205%	250%	500%	0%	100%	115%	160%	205%	250%	500%	0%	100%	115%	160%	205%	250%	500%	
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
September 2006	100	100	100	100	100	100	100	93	46	40	40	40	40	40	105	105	105	105	105	105	105	105
September 2007	100	100	100	100	100	100	100	93	46	34	34	34	34	0	110	110	110	110	110	110	110	0
September 2008	100	100	100	100	100	100	100	93	46	30	30	30	30	0	116	116	116	116	116	116	116	0
September 2009	100	100	100	100	100	100	100	93	46	26	26	26	26	0	122	122	122	122	122	122	122	0
September 2010	100	100	100	100	100	100	8	93	46	23	23	23	15	0	128	128	128	128	128	128	128	0
September 2011	100	100	100	100	100	100	0	93	46	21	21	21	5	0	135	135	135	135	135	135	135	0
September 2012	100	100	100	100	100	100	0	93	46	19	19	19	1	0	142	142	142	142	142	142	142	0
September 2013	100	100	100	100	100	100	0	93	45	18	18	18	0	0	149	149	149	149	149	149	20	0
September 2014	100	68	68	68	68	68	0	93	42	15	15	15	0	0	157	157	157	157	157	157	20	0
September 2015	100	10	10	10	10	10	0	93	35	12	12	12	0	0	165	165	165	165	165	165	20	0
September 2016	100	0	0	0	0	0	0	93	11	0	0	0	0	0	173	173	0	0	0	0	0	0
September 2017	100	0	0	0	0	0	0	93	0	0	0	0	0	0	182	0	0	0	0	0	0	0
September 2018	100	0	0	0	0	0	0	93	0	0	0	0	0	0	191	0	0	0	0	0	0	0
September 2019	100	0	0	0	0	0	0	93	0	0	0	0	0	0	201	0	0	0	0	0	0	0
September 2020	100	0	0	0	0	0	0	93	0	0	0	0	0	0	211	0	0	0	0	0	0	0
September 2021	100	0	0	0	0	0	0	93	0	0	0	0	0	0	222	0	0	0	0	0	0	0
September 2022	100	0	0	0	0	0	0	93	0	0	0	0	0	0	234	0	0	0	0	0	0	0
September 2023	100	0	0	0	0	0	0	93	0	0	0	0	0	0	246	0	0	0	0	0	0	0
September 2024	100	0	0	0	0	0	0	93	0	0	0	0	0	0	258	0	0	0	0	0	0	0
September 2025	100	0	0	0	0	0	0	93	0	0	0	0	0	0	271	0	0	0	0	0	0	0
September 2026	85	0	0	0	0	0	0	93	0	0	0	0	0	0	285	0	0	0	0	0	0	0
September 2027	9	0	0	0	0	0	0	93	0	0	0	0	0	0	300	0	0	0	0	0	0	0
September 2028	0	0	0	0	0	0	0	62	0	0	0	0	0	0	315	0	0	0	0	0	0	0
September 2029	0	0	0	0	0	0	0	24	0	0	0	0	0	0	331	0	0	0	0	0	0	0
September 2030	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September 2031	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September 2032	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September 2033	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September 2034	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September 2035	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	21.5	9.3	9.3	9.3	9.3	9.3	4.7	21.9	5.1	2.9	2.9	2.9	2.0	0.8	24.7	11.4	10.7	10.7	10.7	10.7	7.9	1.3

Date	QZ Class							QO, QF, QS and SQ Classes						
	PSA Prepayment Assumption							PSA Prepayment Assumption						
	0%	100%	115%	160%	205%	250%	500%	0%	100%	115%	160%	205%	250%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100
September 2006	105	105	105	105	105	105	105	100	100	100	88	77	65	*
September 2007	110	110	110	110	110	110	0	100	100	100	79	58	38	0
September 2008	116	116	116	116	116	116	0	100	100	100	71	44	18	0
September 2009	122	122	122	122	122	122	0	100	100	100	65	33	4	0
September 2010	128	128	128	128	128	0	0	100	100	100	61	26	0	0
September 2011	135	135	135	135	135	0	0	100	100	100	58	21	0	0
September 2012	142	142	142	142	142	0	0	100	100	100	56	19	0	0
September 2013	149	149	149	149	149	0	0	100	100	100	55	18	0	0
September 2014	157	157	157	157	157	0	0	100	100	99	54	18	0	0
September 2015	165	165	165	165	165	0	0	100	100	97	53	18	0	0
September 2016	173	173	173	173	173	0	0	100	100	89	46	14	0	0
September 2017	182	182	182	182	182	0	0	100	90	73	31	1	0	0
September 2018	191	191	191	191	0	0	0	100	74	57	18	0	0	0
September 2019	201	201	201	201	0	0	0	100	59	43	6	0	0	0
September 2020	211	211	211	0	0	0	0	100	45	30	0	0	0	0
September 2021	222	222	222	0	0	0	0	100	32	18	0	0	0	0
September 2022	234	234	234	0	0	0	0	100	20	7	0	0	0	0
September 2023	246	246	0	0	0	0	0	100	8	0	0	0	0	0
September 2024	258	0	0	0	0	0	0	100	0	0	0	0	0	0
September 2025	271	0	0	0	0	0	0	100	0	0	0	0	0	0
September 2026	285	0	0	0	0	0	0	100	0	0	0	0	0	0
September 2027	300	0	0	0	0	0	0	100	0	0	0	0	0	0
September 2028	315	0	0	0	0	0	0	100	0	0	0	0	0	0
September 2029	331	0	0	0	0	0	0	100	0	0	0	0	0	0
September 2030	348	0	0	0	0	0	0	90	0	0	0	0	0	0
September 2031	366	0	0	0	0	0	0	63	0	0	0	0	0	0
September 2032	385	0	0	0	0	0	0	34	0	0	0	0	0	0
September 2033	404	0	0	0	0	0	0	2	0	0	0	0	0	0
September 2034	0	0	0	0	0	0	0	0	0	0	0	0	0	0
September 2035	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	28.1	18.8	17.7	14.6	12.1	4.4	1.1	26.4	14.8	13.7	7.9	4.0	1.7	0.5

\* Indicates an outstanding balance greater than 0% and less than 0.5% of the original principal balance.

\*\* Determined as specified under “—Weighted Average Lives of the Certificates” above.

Date	WM Class							BK Class							GS Class						
	PSA Prepayment Assumption							PSA Prepayment Assumption							PSA Prepayment Assumption						
	0%	100%	115%	160%	205%	250%	500%	0%	100%	115%	160%	205%	250%	500%	0%	100%	115%	160%	205%	250%	500%
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
September 2006	100	100	100	100	100	100	100	100	100	100	100	100	100	100	98	85	84	79	74	69	40
September 2007	98	86	86	86	86	86	67	100	100	100	100	100	100	100	98	85	82	73	64	55	30
September 2008	96	72	72	72	72	72	36	100	100	100	100	100	100	100	98	85	81	68	57	45	30
September 2009	93	59	59	59	59	59	15	100	100	100	100	100	100	100	98	85	80	65	51	38	30
September 2010	91	48	48	48	48	48	1	100	100	100	100	100	100	100	98	85	79	62	47	34	30
September 2011	88	36	36	36	36	36	0	100	100	100	100	100	100	70	98	85	79	60	45	31	21
September 2012	85	26	26	26	26	26	0	100	100	100	100	100	100	48	98	85	78	59	43	30	14
September 2013	82	16	16	16	16	16	0	100	100	100	100	100	100	33	98	85	78	58	42	30	10
September 2014	79	8	8	8	8	8	0	100	100	100	100	100	100	22	98	84	77	57	42	30	7
September 2015	75	1	1	1	1	1	0	100	100	100	100	100	100	15	98	83	75	56	41	30	4
September 2016	71	0	0	0	0	0	0	100	100	100	100	100	85	10	98	76	68	50	35	25	3
September 2017	67	0	0	0	0	0	0	100	100	100	100	100	70	7	98	69	61	43	30	21	2
September 2018	62	0	0	0	0	0	0	100	100	100	100	85	57	5	98	62	54	37	25	17	1
September 2019	57	0	0	0	0	0	0	100	100	100	100	71	46	3	98	55	48	32	21	14	1
September 2020	52	0	0	0	0	0	0	100	100	100	93	59	37	2	98	49	43	27	17	11	1
September 2021	46	0	0	0	0	0	0	100	100	100	79	49	30	1	98	44	37	23	14	9	*
September 2022	40	0	0	0	0	0	0	100	100	100	67	40	23	1	98	38	32	20	12	7	*
September 2023	33	0	0	0	0	0	0	100	100	95	56	32	18	1	98	33	28	16	10	5	*
September 2024	26	0	0	0	0	0	0	100	97	81	46	26	14	*	98	29	24	14	8	4	*
September 2025	18	0	0	0	0	0	0	100	82	68	38	20	11	*	98	24	20	11	6	3	*
September 2026	10	0	0	0	0	0	0	100	68	56	30	16	8	*	98	20	16	9	5	2	*
September 2027	1	0	0	0	0	0	0	100	55	45	23	12	6	*	98	16	13	7	4	2	*
September 2028	0	0	0	0	0	0	0	100	43	35	18	9	4	*	90	13	10	5	3	1	*
September 2029	0	0	0	0	0	0	0	100	32	25	12	6	3	*	80	9	7	4	2	1	*
September 2030	0	0	0	0	0	0	0	100	21	17	8	4	2	*	69	6	5	2	1	1	*
September 2031	0	0	0	0	0	0	0	100	11	9	4	2	1	*	57	3	3	1	1	*	*
September 2032	0	0	0	0	0	0	0	100	2	2	1	*	*	*	44	1	1	*	*	*	*
September 2033	0	0	0	0	0	0	0	100	0	0	0	0	0	0	31	0	0	0	0	0	0
September 2034	0	0	0	0	0	0	0	54	0	0	0	0	0	0	16	0	0	0	0	0	0
September 2035	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	14.3	5.0	5.0	5.0	5.0	5.0	2.7	29.1	22.6	21.8	19.3	16.8	14.7	7.7	26.0	14.5	13.2	9.9	7.5	5.6	2.7

Date	T Class							A Class					IP1 Component†									
	PSA Prepayment Assumption							CPR Prepayment Assumption					CPR Prepayment Assumption									
	0%	100%	115%	160%	205%	250%	500%	0%	10%	20%	30%	40%	0%	10%	20%	30%	40%					
Initial Percent	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
September 2006	97	79	77	70	63	55	15	100	91	81	71	61	101	91	81	71	61	101	91	81	71	61
September 2007	97	79	75	62	49	36	0	100	82	65	50	37	102	82	65	50	37	102	82	65	50	37
September 2008	97	79	73	55	38	22	0	100	75	52	35	22	102	75	52	35	22	102	75	52	35	22
September 2009	97	79	72	50	30	12	0	100	67	42	25	13	102	67	42	25	13	102	67	42	25	13
September 2010	97	79	71	46	25	6	0	100	60	33	17	8	102	60	33	17	8	102	60	33	17	8
September 2011	97	79	70	44	21	2	0	98	53	26	12	5	100	53	26	12	5	100	53	26	12	5
September 2012	97	79	69	42	19	*	0	96	47	21	8	3	98	47	21	8	3	98	47	21	8	3
September 2013	97	79	69	41	18	*	0	94	41	16	6	2	96	41	16	6	2	96	41	16	6	2
September 2014	97	78	67	39	17	*	0	92	36	13	4	1	94	36	13	4	1	94	36	13	4	1
September 2015	97	75	64	37	16	*	0	89	32	10	3	1	92	32	10	3	1	92	32	10	3	1
September 2016	97	66	55	28	8	0	0	87	28	8	2	*	89	28	8	2	*	89	28	8	2	*
September 2017	97	55	45	19	1	0	0	84	25	6	1	*	87	25	6	1	*	87	25	6	1	*
September 2018	97	46	35	11	0	0	0	82	21	5	1	*	84	21	5	1	*	84	21	5	1	*
September 2019	97	36	27	4	0	0	0	79	19	4	1	*	81	19	4	1	*	81	19	4	1	*
September 2020	97	28	19	0	0	0	0	76	16	3	*	*	78	16	3	*	*	78	16	3	*	*
September 2021	97	20	11	0	0	0	0	72	14	2	*	*	75	14	2	*	*	75	14	2	*	*
September 2022	97	12	4	0	0	0	0	69	12	2	*	*	71	12	2	*	*	71	12	2	*	*
September 2023	97	5	0	0	0	0	0	65	10	1	*	*	68	10	1	*	*	68	10	1	*	*
September 2024	97	0	0	0	0	0	0	61	9	1	*	*	64	9	1	*	*	64	9	1	*	*
September 2025	97	0	0	0	0	0	0	57	7	1	*	*	59	7	1	*	*	59	7	1	*	*
September 2026	97	0	0	0	0	0	0	52	6	1	*	*	55	6	1	*	*	55	6	1	*	*
September 2027	97	0	0	0	0	0	0	48	5	*	*	*	50	5	*	*	*	50	5	*	*	*
September 2028	86	0	0	0	0	0	0	43	4	*	*	*	45	4	*	*	*	45	4	*	*	*
September 2029	71	0	0	0	0	0	0	37	3	*	*	*	40	3	*	*	*	40	3	*	*	*
September 2030	56	0	0	0	0	0	0	32	2	*	*	*	34	2	*	*	*	34	2	*	*	*
September 2031	39	0	0	0	0	0	0	26	2	*	*	*	28	2	*	*	*	28	2	*	*	*
September 2032	21	0	0	0	0	0	0	19	1	*	*	*	22	1	*	*	*	22	1	*	*	*
September 2033	2	0	0	0	0	0	0	12	1	*	*	*	15	1	*	*	*	15	1	*	*	*
September 2034	0	0	0	0	0	0	0	5	*	*	*	*	8	*	*	*	*	8	*	*	*	*
September 2035	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Weighted Average Life (years)**	24.7	11.1	9.5	6.0	3.6	1.9	0.6	20.2	8.2	4.4	2.8	2.0	20.5	8.2	4.4	2.8	2.0	20.5	8.2	4.4	2.8	2.0

\* Indicates an outstanding balance greater than 0% and less than 0.5% of the original principal balance.  
\*\* Determined as specified under “—Weighted Average Lives of the Certificates” above.  
† In the case of a Notional Class or Component, the Decrement Table indicates the percentage of the original notional principal balance outstanding.

## Characteristics of the R and RL Classes

The R and RL Classes will not have principal balances and will not bear interest. If any assets of the Trust remain after the principal balances of all Classes are reduced to zero, we will pay the Holder of the R Class the proceeds from those assets. If any assets of the Lower Tier REMIC remain after the principal balances of the Lower Tier Regular Interests are reduced to zero, we will pay the proceeds of those assets to the Holder of the RL Class. Fannie Mae does not expect that any material assets will remain in either case.

A Residual Certificate will be subject to certain transfer restrictions. We will not permit transfer of record or beneficial ownership of a Residual Certificate to a “disqualified organization.” In addition, we will not permit transfer of record or beneficial ownership of a Residual Certificate to any person that is not a “U.S. Person” or a foreign person subject to United States income taxation on a net basis on income derived from that Certificate. Any transferee of a Residual Certificate must execute and deliver an affidavit and an Internal Revenue Service Form W-9 (or, if applicable, a Form W-8ECI) on which the transferee provides its taxpayer identification number. See “Description of Certificates—Special Characteristics of Residual Certificates” and “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Residual Certificates*” in the REMIC Prospectus. The affidavit must also state that the transferee is a “U.S. Person” or a foreign person subject to United States income taxation on a net basis on income derived from that Certificate and that, if the transferee is a partnership for U.S. federal income tax purposes, each person or entity that holds an interest (directly, or indirectly through a pass-through entity) in the partnership is a “U.S. Person” or a foreign person subject to United States income taxation on a net basis on income derived from that Certificate. In addition, the transferee must receive an affidavit containing these same representations from any new transferee. Transferors of a Residual Certificate should consult with their own tax advisors for further information regarding such transfers.

Treasury Department regulations (the “Regulations”) provide that a transfer of a “noneconomic residual interest” will be disregarded for all federal tax purposes unless no significant purpose of the transfer is to impede the assessment or collection of tax. The R and RL Classes will constitute noneconomic residual interests under the Regulations. Having a significant purpose to impede the assessment or collection of tax means that the transferor of a Residual Certificate knew or should have known that the transferee would be unwilling or unable to pay taxes due on its share of the taxable income of the REMIC trust (that is, the transferor had “improper knowledge”).

As discussed under the caption “Special Characteristics of Residual Certificates” in the REMIC Prospectus, the Regulations presume that a transferor does not have improper knowledge if two conditions are met. The Treasury Department has amended the Regulations to provide additional requirements that a transferor must satisfy to avail itself of the safe harbor regarding the presumed lack of improper knowledge. For transfers occurring on or after August 19, 2002, a transferor of a Residual Certificate is presumed not to have improper knowledge if, in addition to meeting the two conditions discussed in the REMIC Prospectus, both (i) the transferee represents that it will not cause income from the Residual Certificate to be attributed to a foreign permanent establishment or fixed base of the transferee or another taxpayer and (ii) the transfer satisfies either the “asset test” or the “formula test.” The representation described in (i) will be included in the affidavit discussed above. See “Description of Certificates—Special Characteristics of Residual Certificates” and “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Residual Certificates*” in the REMIC Prospectus.

A transfer satisfies the asset test if (i) the transferee’s gross assets exceed \$100 million and its net assets exceed \$10 million (in each case, at the time of the transfer and at the close of each of the transferee’s two fiscal years preceding the year of transfer), (ii) the transferee is an “eligible corporation” and the transferee agrees in writing that any subsequent transfer of the Residual Certificate will be to an eligible corporation and will comply with the safe harbor and satisfy the asset test, and (iii) the facts and circumstances known to the transferor do not reasonably indicate that the

taxes associated with the Residual Certificate will not be paid. A transfer satisfies the formula test if the present value of the anticipated tax liabilities associated with holding the Residual Certificate is less than or equal to the present value of the sum of (i) any consideration given to the transferee to acquire the Residual Certificate, (ii) expected future distributions on the Residual Certificate, and (iii) anticipated tax savings associated with holding the Residual Certificate as the related REMIC trust generates losses. The Regulations contain additional details regarding their application and you should consult your own tax advisor regarding the application of the Regulations to a transfer of a Residual Certificate.

The Holder of the R Class will be considered to be the holder of the “residual interest” in the REMIC constituted by the Trust, and the Holder of the RL Class will be considered to be the holder of the “residual interest” in the REMIC constituted by the Lower Tier REMIC. See “Certain Federal Income Tax Consequences” in the REMIC Prospectus. Pursuant to the Trust Agreement, we will be obligated to provide to these Holders (i) information necessary to enable them to prepare their federal income tax returns and (ii) any reports regarding the R or RL Class that may be required under the Code.

### **CERTAIN ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES**

The Certificates and payments on the Certificates are not generally exempt from taxation. Therefore, you should consider the tax consequences of holding a Certificate before you acquire one. The following tax discussion supplements the discussion under the caption “Certain Federal Income Tax Consequences” in the REMIC Prospectus. When read together, the two discussions describe the current federal income tax treatment of beneficial owners of Certificates. These two tax discussions do not purport to deal with all federal tax consequences applicable to all categories of beneficial owners, some of which may be subject to special rules. In addition, these discussions may not apply to your particular circumstances for one of the reasons explained in the REMIC Prospectus. Further, although the A Class Certificates resemble variable rate debt instruments, the tax treatment of these Certificates can differ from the tax treatment of such an investment. For these reasons, you should consult your own tax advisors regarding the federal income tax consequences of holding and disposing of Certificates as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

#### **U.S. Treasury Circular 230 Notice**

The tax discussions contained in the REMIC Prospectus (including the sections entitled “Certain Federal Income Tax Consequences” and “ERISA Considerations”) and this prospectus supplement were not intended or written to be used, and cannot be used, for the purpose of avoiding United States federal tax penalties. These discussions were written to support the promotion or marketing of the transactions or matters addressed in this prospectus supplement. You should seek advice based on your particular circumstances from an independent tax advisor.

#### **REMIC Elections and Special Tax Attributes**

We will elect to treat the Lower Tier REMIC and the Trust as REMICs for federal income tax purposes. The Lower Tier Regular Interests will be designated as the “regular interests” in the Lower Tier REMIC. The R and RL Class Certificates will be designated as the “residual interest” in the REMIC constituted by the Trust and the Lower Tier REMIC, respectively.

The REMIC Certificates, other than the A, IP, R and RL Classes, will be designated as “regular interests” in the REMIC constituted by the Trust. In addition, the REMIC constituted by the Trust will be taxed as if it had issued two “regular interests” corresponding to each of the A and IP Classes. Each of the regular interests corresponding to the A and IP Classes will be entitled to receive interest and principal payments at the times and in the amounts equal to those made to the Class to which it corresponds, except that the interest rate on these regular interests will be determined without regard

to the Interest Carryover Amount. A beneficial owner of an A Class Certificate will be treated for federal income tax purposes as the beneficial owner of a pro rata interest in the corresponding regular interest. Any excess of the amount of interest actually payable to an A Class Certificate over the amount of interest payable on the corresponding regular interest will be deemed to have been received pursuant to a notional principal contract as discussed under “—Taxation of the Interest Carryover Amounts” below. The regular interest corresponding to the IP Class will be taxed as if it were entitled to receive interest payments at the times and in the amounts equal to those made to the Class to which it corresponds, except that the interest rate on such regular interest will be determined without regard to the Interest Carryover Amount. Any excess of the amount of interest payable on the regular interest corresponding to the IP Class over the amount of interest payable to the IP Class will be deemed to have been paid to the A Class by the IP Class pursuant to a notional principal contract as discussed under “—Taxation of the Interest Carryover Amounts” below. For purposes of this discussion, each of the regular interests offered hereby and issued by the Trust is referred to as a “Regular Certificate” and, together, as “Regular Certificates.”

Because the Lower Tier REMIC and the Trust will qualify as REMICs, the Regular Certificates and any related RCR Certificates generally will be treated as “regular or residual interests in a REMIC” for domestic building and loan associations, as “real estate assets” for real estate investment trusts, and, except for the R and RL Classes, as “qualified mortgages” for other REMICs. See “Certain Federal Income Tax Consequences—*REMIC Election and Special Tax Attributes*” in the REMIC Prospectus.

#### **Taxation of Certificates of the A and IP Classes**

Except as provided below, a beneficial owner of an A or IP Class Certificate will be treated

- as holding an undivided interest in a REMIC regular interest, and
- as having entered into a notional principal contract.

Consequently, each beneficial owner of an A or IP Class Certificate will be required to report its pro rata share of income accruing with respect to the corresponding REMIC regular interest, as discussed under “—Taxation of Beneficial Owners of Regular Certificates” below. In addition, each beneficial owner of an A or IP Class Certificate will be required to report its pro rata share of net income with respect to the notional principal contract and will be permitted to recognize its share of a net deduction with respect to the notional principal contract, subject to the discussions under “—Taxation of the Interest Carryover Amounts” below. You should consult your own tax advisor regarding the consequences to you in light of your particular circumstances of taxing separately the two components comprising each A and IP Class Certificate (that is, the corresponding REMIC regular interest and the notional principal contract).

#### *Allocations*

A beneficial owner of an A or IP Class Certificate must allocate its cost to acquire that Certificate between the corresponding REMIC regular interest and the notional principal contract based on their relative fair market values. When a beneficial owner of an A or IP Class Certificate sells or disposes of the Certificate, the beneficial owner must allocate the sale proceeds between the corresponding REMIC regular interest and notional principal contract based on their relative fair market values and must treat the sale or other disposition of the Certificate as a sale or other disposition of a pro rata portion of the corresponding REMIC regular interest and the notional principal contract.

Because a beneficial owner of an IP Class Certificate generally will be deemed to have received a premium for entering into a notional principal contract, a beneficial owner of an IP Class Certificate may have a basis in the corresponding REMIC regular interest that is greater than the price paid by the beneficial owner for the IP Class Certificate itself. Further, in connection with a sale or disposition of an IP Class Certificate, the beneficial owner may be deemed to have paid a termination payment to

the new holder, in which case the beneficial owner may be treated as having received an amount for the corresponding REMIC regular interest that is greater than the amount received for the IP Class Certificate itself. In any case, when a beneficial owner of an IP Class Certificate sells or disposes of the IP Class Certificate, the beneficial owner must treat the sale or other disposition of the Certificate as a sale or other disposition of a pro rata portion of the corresponding REMIC regular interest and the corresponding notional principal contract.

We intend to report income and expense with respect to all Certificates as if the notional principal contract corresponding to each Certificate had only a nominal value, relative to the value of the corresponding REMIC regular interest, as of the Settlement Date. See “—Taxation of the Interest Carryover Amounts” below. The notional principal contract is difficult to value, and the Internal Revenue Service (IRS) could assert that the value of the notional principal contract as of the Settlement Date is greater (or perhaps, less) than the value we will use for information reporting purposes. If, for example, the IRS were to assert successfully that the notional principal contract corresponding to the A Class had a higher value as of the Settlement Date, a greater portion of the purchase price for that Class would be allocated to the notional principal contract and a lesser portion would be allocated to the corresponding REMIC regular interest, which could result in differences in the beneficial owner’s timing and character of income, gains, deductions and losses with respect to that Class. See “—Taxation of Beneficial Owners of Regular Certificates,” and “—Taxation of the Interest Carryover Amounts” below. You therefore should consider the tax consequences to you if the IRS were to assert a different value for the notional principal contract corresponding to each of the A and IP Classes.

It is possible that, with respect to the A and IP Classes, the corresponding notional principal contract provides no value, in which case the full purchase price of such a Class should be allocated to the corresponding REMIC regular interest. In such a case, a beneficial owner of the Class would not be treated as having paid or received a premium for entering into a notional principal contract. See “—Taxation of the Interest Carryover Amounts” below.

#### *Tax Attributes*

Although the A and IP Class Certificates will represent beneficial ownership in REMIC regular interests, which are afforded certain tax attributes under the Code (see “—REMIC Elections and Special Tax Attributes” above), the interest in the corresponding notional principal contract represented by an A or IP Class Certificate will not constitute:

- a “real estate asset” within the meaning of section 856(c)(5)(B) of the Code,
- a “qualified mortgage” within the meaning of section 860G(a)(3) of the Code or a “permitted investment” within the meaning of section 860G(a)(5) of the Code, or
- an asset described in section 7701(a)(19)(C)(xi) of the Code.

Income received under the notional principal contract will not constitute income described in section 856(c)(3)(B) with respect to a real estate investment trust.

#### **Taxation of Beneficial Owners of Regular Certificates**

The Notional Class, the Accrual Classes, the A and the IP Classes will be issued with original issue discount (“OID”), and certain other Classes of Regular Certificates may be issued with OID. If a Class is issued with OID, a beneficial owner of a Certificate of that Class generally must recognize some taxable income in advance of the receipt of the cash attributable to that income. See “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Regular Certificates*—Treatment of Original Issue Discount” in the REMIC Prospectus. In addition, certain Classes of Regular Certificates may be treated as having been issued at a premium. See “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Regular Certificates*—Regular Certificates Purchased at a Premium” in the REMIC Prospectus.

The Prepayment Assumptions that will be used in determining the rate of accrual of OID will be as follows:

<u>Group</u>	<u>Prepayment Assumption</u>
1	160% PSA
2	20% CPR

See “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Regular Certificates—Treatment of Original Issue Discount—Daily Portions of Original Issue Discount*” in the REMIC Prospectus. No representation is made as to whether the Mortgage Loans underlying the MBS will prepay at either of those rates or any other rate. See “Description of the Certificates—Weighted Average Lives of the Certificates” in this prospectus supplement and “Description of Certificates—Weighted Average Life and Final Distribution Date” in the REMIC Prospectus.

#### *Weighted Average Coupon Classes*

The regular interests that correspond to the A and IP Classes may pay interest based on the Weighted Average Group 2 MBS Pass-Through Rate and may not qualify as “variable rate debt instruments” under the OID Regulations. Under the OID Regulations, a debt instrument that provides for a variable rate of interest but that does not qualify as a variable rate debt instrument is a contingent payment debt instrument. The regulations governing contingent payment debt instruments do not apply, however, to regular interests in a REMIC. For information reporting purposes with respect to the Regular Certificates, we intend to compute the accruals of interest and OID by applying the principles of the OID Regulations applicable to variable rate debt instruments.

#### **Taxation of the Interest Carryover Amounts**

The beneficial owners of an A or IP Class Certificate will be treated as having entered into a “notional principal contract” within the meaning of Treasury Department Regulations promulgated under section 446 of the Code (the “NPC Regulations”). Pursuant to this notional principal contract, a beneficial owner of an A Class Certificate will be treated as agreeing to pay a premium to the beneficial owners of the IP Certificates for the right to receive the Interest Carryover Amount with respect to the A Class Certificate. A beneficial owner of an A or IP Class Certificate will be treated as having entered into the notional principal contract on the date the beneficial owner acquires the Certificate.

#### *Treatment of Payments under the Notional Principal Contract*

Under the NPC Regulations, the premium that is deemed to have been paid for the notional principal contract must be amortized over the life of the A Class, taking into account the declining balance of such Class. For information reporting purposes, we intend to amortize the premium under a constant yield method, similar to that used to amortize OID. You should consult your tax advisor regarding the method for amortizing this premium.

Any payment made to the A Class will be treated as a periodic payment under the NPC Regulations. To the extent that the periodic payments for any year exceeds the amount of the premium amortized in that year, such excess shall represent net income for that year in the case of a beneficial owner of an A Class Certificate (and a net deduction for that year in the case of a beneficial owner of an IP Class Certificate). Conversely, to the extent that the amount of the premium amortized in any year exceeds the periodic payments for that year, such excess shall represent a net deduction for that year in the case of a beneficial owner of an A Class Certificate (and net income for that year in the case of a beneficial owner of an IP Class Certificate). Although not clear, net income or a net deduction should be treated as ordinary income or as an ordinary deduction.

A beneficial owner’s ability to recognize a net deduction with respect to a notional principal contract is limited under section 67 of the Code in the case of (i) estates and trusts, and

(ii) individuals owning an interest in an A or IP Class Certificate directly or through an investment in a “pass-through entity” (other than in connection with such individual’s trade or business). Pass-through entities include partnerships, S corporations, grantor trusts, and non-publicly offered regulated investment companies, but do not include estates, nongrantor trusts, cooperatives, real estate investment trusts and publicly offered regulated investment companies. Generally, such a beneficial owner can recognize a net deduction only to the extent that these costs, when aggregated with certain of the beneficial owner’s other miscellaneous itemized deductions, exceed 2% of the beneficial owner’s adjusted gross income. For this purpose, an estate or nongrantor trust computes adjusted gross income in the same manner as in the case of an individual, except that deductions for administrative expenses of the estate or trust that would not have been incurred if the property were not held in such trust or estate are treated as allowable in arriving at adjusted gross income. In addition, section 68 of the Code may provide for certain limitations on itemized deductions otherwise allowable for a beneficial owner who is an individual. Further, such a beneficial owner may not be able to recognize a net deduction with respect to the notional principal contract in computing the beneficial owner’s alternative minimum tax liability.

#### *Special Consequences for Beneficial Owners of IP Class Certificates*

Payments that are deemed to have been made by the IP Class to the A Class pursuant to the notional principal contract will be made through an “outside reserve fund” described in the Regulations, which will not be an asset of the REMIC constituted by the Trust or the Lower Tier REMIC for tax purposes. This outside reserve fund will be funded with interest payments on the REMIC regular interest corresponding to the IP Class, and the beneficial owners of the IP Class Certificates will be treated for federal income tax purposes as the beneficial owners of their allocable share of this outside reserve fund. As a result, a beneficial owner of an IP Class Certificate will be required to accrue income with respect to interest payments on the corresponding REMIC regular interest and will be entitled to a net deduction with respect to payments made from the outside reserve fund to fund the Interest Carryover Amount. Therefore, if your ability to recognize a net deduction with respect to the notional principal contract were limited, you could be required to accrue more interest income than the amount of interest actually distributed on your IP Class Certificate. You should consult your own tax advisor regarding your ability to recognize a net deduction with respect to a notional principal contract, regardless of whether you hold an A or IP Class Certificate.

#### *Disposition of the Notional Principal Contract*

Any amount that is considered to be allocated to the notional principal contract in connection with the sale or other disposition of an A or IP Class Certificate as described above under “—Taxation of Certificates of the A and IP Classes—Allocations” will be considered a “termination payment” under the NPC Regulations. Under the NPC Regulations, a beneficial owner of an A or IP Class Certificate will have gain or loss from the disposition of the notional principal contract equal to (i) the sum of the unamortized portion of any premium received or deemed to have been received by the beneficial owner upon entering into the notional principal contract and any termination payment it receives or is deemed to have received, less (ii) the sum of the unamortized portion of any premium paid or deemed to have been paid by the beneficial owner upon entering into the notional principal contract and any termination payment it makes or is deemed to have made. The gain or loss should be capital gain or loss, provided the notional principal contract is a capital asset to the beneficial owner. The ability to deduct capital losses is subject to limitations.

#### **Taxation of Beneficial Owners of Residual Certificates**

For purposes of determining the portion of the taxable income of the Trust (or the Lower Tier REMIC) that generally will not be treated as excess inclusions, the rate to be used is 5.32% (which is 120% of the “federal long-term rate”). See “Certain Federal Income Tax Consequences—*Taxation of*

*Beneficial Owners of Residual Certificates—Treatment of Excess Inclusions” and “—Foreign Investors—Residual Certificates” in the REMIC Prospectus.*

The Treasury Department recently issued Regulations providing that, to clearly reflect income, an inducement fee paid to a transferee of a noneconomic residual interest in a REMIC must be included in income over a period that is reasonably related to the period during which the applicable REMIC is expected to generate taxable income or net loss allocable to the transferee. The Regulations set forth two safe harbor methods under which a taxpayer’s accounting for the inducement fee will be considered to clearly reflect income for these purposes. In addition, under the Regulations an inducement fee shall be treated as income from sources within the United States. The Regulations, which are effective for taxable years ending on or after May 11, 2004, contain additional details regarding their application. You should consult your own tax advisor regarding the application of the Regulations to the transfer of a Residual Certificate.

### **Taxation of Beneficial Owners of RCR Certificates**

*General.* The RCR Classes will be created, sold and administered pursuant to an arrangement that will be classified as a grantor trust under subpart E, part I of subchapter J of the Code. The REMIC Certificates that are exchanged for RCR Certificates (including any exchanges effective on the Settlement Date) will be the assets of the trust, and the RCR Certificates will represent an ownership interest in those REMIC Certificates. For a general discussion of the federal income tax treatment of beneficial owners of REMIC Certificates, see “Certain Federal Income Tax Consequences” in the REMIC Prospectus.

The RCR Classes (each, a “Combination RCR Class”) will represent the beneficial ownership of the underlying REMIC Certificates set forth in Schedule 1. Each Certificate of a Combination RCR Class (a “Combination RCR Certificate”) will represent beneficial ownership of undivided interests in two or more underlying REMIC Certificates.

*Combination RCR Classes.* A beneficial owner of a Combination RCR Certificate will be treated as the beneficial owner of a proportionate interest in the REMIC Certificates underlying that Combination RCR Certificate. Except in the case of a beneficial owner that acquires a Combination RCR Certificate in an exchange described under “—Exchanges” below, a beneficial owner of a Combination RCR Certificate must allocate its cost to acquire that Certificate among the underlying REMIC Certificates in proportion to their relative fair market values at the time of acquisition. Such an owner should account for its ownership interest in each underlying REMIC Certificate as described under “—Taxation of Beneficial Owners of Regular Certificates” above and “Certain Federal Income Tax Consequences—*Taxation of Beneficial Owners of Regular Certificates*” in the REMIC Prospectus. When a beneficial owner sells a Combination RCR Certificate, the owner must allocate the sale proceeds among the underlying REMIC Certificates in proportion to their relative fair market values at the time of sale.

*Exchanges.* If a beneficial owner exchanges one or more REMIC Certificates for the related RCR Certificate or Certificates in the manner described under “Description of the Certificates—Combination and Recombination” in this prospectus supplement, the exchange will not be taxable. Likewise, if a beneficial owner exchanges one or more RCR Certificates for the related REMIC Certificate or Certificates in the manner described in that discussion, the exchange will not be a taxable exchange. In each of these cases, the beneficial owner will be treated as continuing to own after the exchange the same combination of interests in the related REMIC Certificates (or the same interest in the related REMIC Certificate) that it owned immediately prior to the exchange.

### **Tax Return Disclosure Requirements**

Treasury Department Regulations that are directed at “tax shelters” could be read to apply to transactions generally not considered to be tax shelters. These Regulations require that taxpayers that participate in a “reportable transaction” disclose such transaction on their tax returns by attaching

IRS Form 8886 and retain information related to the transaction. A transaction may be a “reportable transaction” based upon any of several indicia, one or more of which may be present with respect to the Certificates. You should consult your own tax advisor concerning any possible disclosure obligation with respect to your investment in the Certificates.

### **PLAN OF DISTRIBUTION**

*General.* The Group 1 MBS will be provided by Fannie Mae. We will sell the Group 1 Classes (other than the PG, PI, PB, PC and PD Classes) to Goldman, Sachs & Co. (the “Dealer”) for cash proceeds estimated to be approximately \$744,728,820. We are obligated to deliver the Group 2 Classes and the R and RL Classes to the Dealer in exchange for the Group 2 MBS.

The Dealer proposes to offer the Certificates (other than the PG, PI, PB, PC and PD Classes) directly to the public from time to time in negotiated transaction at varying prices to be determined at the time of sale. The Dealer may effect these transactions to or through other dealers. The PG, PI, PB, PC and PD Classes initially will be retained by Fannie Mae.

*Increase in Certificates.* Before the Settlement Date, we and the Dealer may agree to offer Classes in addition to those contemplated as of the date of this prospectus supplement. In this event, we will increase the related MBS in principal balance, but we expect that all these additional MBS will have the same characteristics as described under “Description of the Certificates—The MBS” in this prospectus supplement. The proportion that the original principal balance of each Group 1 or Group 2 Class bears to the aggregate original principal balance of all Group 1 or Group 2 Classes, respectively, will remain the same. In addition, the dollar amounts shown in the Principal Balance Schedules will be increased to correspond to the increase of the principal balances of the applicable Classes.

### **LEGAL MATTERS**

Sidley Austin Brown & Wood LLP will provide legal representation for Fannie Mae. Cleary Gottlieb Steen & Hamilton LLP will provide legal representation for the Dealer.

Exhibit A

Assumed Characteristics of the Mortgage Loans Underlying the Group 2 MBS  
as of September 1, 2005  
( 12-Month MTA ARMs )

Cut-Off Date	Unpaid Principal Balance	Weighted Average Initial Net Mortgage Rate ( % )	Weighted Average Mortgage Rate ( % )	Weighted Average Remaining Term to Maturity (in Months) ( <sup>1</sup> -WAR <sup>1</sup> )	Weighted Average Loan Age (in Months) ( <sup>2</sup> -WALA <sup>2</sup> )	Weighted Average Original Term (in Months)	Weighted Average Margin ( % )	Weighted Lifetime Rate Cap ( % )	Lifetime Rate Floor ( % )	Weighted Average Months to Rate Change	Rate Reset Frequency (in Months)	Weighted Average Months to Payment Change	Payment Reset Frequency (in Months)	Maximum Negative Amortization ( % )	Payment Cap ( % )	Payment Recast Frequency (in Months)
12,500,000.00	1,703	2.744	360	0	360	3.041	9.95	3.041	3	3	1	12	12	115	7.5	60
237,500,000.00	1,703	2.744	360	0	360	3.041	9.95	3.041	1	1	1	12	12	115	7.5	60

Schedule 1

Available Recombinations (1) (2)

REMIC Certificates		RCR Certificates						
Classes	Original Principal or Notional Principal Balances	RCR Class	Original Principal Balance	Interest Rate	Interest Type (3)	Principal Type (3)	CUSIP Number	Final Distribution Date
<b>Recombination 1</b>								
PG	\$350,640,000	PH	\$350,640,000	4.75%	FIX	PAC	31394UEF5	September 2024
PI	17,532,000 (4)							
<b>Recombination 2</b>								
PG	350,640,000	PA	350,640,000	5.00	FIX	PAC	31394UEG3	September 2024
PI	35,064,000 (4)							
<b>Recombination 3</b>								
PB	228,268,000	WM	738,724,000	5.00	FIX	PAC	31394UEH1	September 2032
PC	72,579,000							
PD	87,237,000							
PG	350,640,000							
PI	35,064,000 (4)							
<b>Recombination 4</b>								
ZC	75,000,000	BK (5)	225,000,000	5.00	FIX	SEQ	31394UEJ7	October 2035
VA	54,393,000							
VB	95,607,000							
<b>Recombination 5</b>								
QO	30,141,273	GS (6)	761,276,000	5.00	FIX	SUP	31394UEK4	October 2035
QF	221,036,000							
QS	80,376,727							
WD	204,710,000							
WZ	6,000							
QZ	6,000							
ZC	75,000,000							
VA	54,393,000							
VB	95,607,000							

REMIC Certificates		RCR Certificates						
Classes	Original Principal or Notional Principal Balances	RCR Class	Original Principal Balance	Interest Rate	Interest Type(3)	Principal Type(3)	CUSIP Number	Final Distribution Date
<b>Recombination 6</b>								
QO	\$ 30,141,273	T (7)	\$536,276,000	5.00%	FIX	SUP	31394UEL2	November 2033
QF	221,036,000							
QS	80,376,727							
WD	204,710,000							
WZ	6,000							
QZ	6,000							
<b>Recombination 7</b>								
QF	53,584,484	SQ	133,961,211	(8)	INV	SUP	31394UEM0	November 2033
QS	80,376,727							

- (1) REMIC Certificates and RCR Certificates in Recombinations 1, 2 and 7 may be exchanged only in the proportions shown in this Schedule 1. In any exchange under Recombination 3, 4, 5 or 6, the relative proportions of the REMIC Certificates to be delivered (or, if applicable, received) in such exchange will equal the proportions reflected by the outstanding principal balances of the related REMIC Classes at the time of exchange.
- (2) If, as a result of a proposed exchange, a Certificateholder would hold a REMIC Certificate or RCR Certificate of a Class in an amount less than the applicable minimum denomination for that Class, the Certificateholder will be unable to effect the proposed exchange. See “Description of the Certificates—General—*Authorized Denominations*” in this prospectus supplement.
- (3) See “Description of Certificates—Class Definitions and Abbreviations” in the REMIC Prospectus and “Description of the Certificates—Distributions of Interest” and “—Distributions of Principal” in this prospectus supplement.
- (4) Notional principal balance.
- (5) Principal payments on the REMIC Certificates in Recombination 4 from the ZC Accrual Amount will be paid as interest on the related RCR Certificates and thus will not reduce the principal balances of those RCR Certificates.
- (6) Principal payments on the REMIC Certificates in Recombination 5 from the WZ, QZ and ZC Accrual Amounts will be paid as interest on the related RCR Certificates and thus will not reduce the principal balances of those RCR Certificates.
- (7) Principal payments on the REMIC Certificates in Recombination 6 from the WZ and QZ Accrual Amounts will be paid as interest on the related RCR Certificates and thus will not reduce the principal balances of those RCR Certificates.
- (8) For a description of this interest rate, see “Description of the Certificates—Distributions of Interest” in this prospectus supplement.

## Principal Balance Schedules

### *Aggregate Group I Planned Balances*

<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>
Initial Balance through September 2006 .....	\$738,724,000.00	October 2009 .....	\$431,622,365.46	December 2012 .....	\$173,131,457.24
October 2006 .....	729,609,008.72	November 2009 .....	424,129,444.18	January 2013 .....	167,010,791.83
November 2006 .....	720,542,060.77	December 2009 .....	416,676,198.68	February 2013 .....	160,922,719.33
December 2006 .....	711,522,908.38	January 2010 .....	409,262,424.22	March 2013 .....	154,867,071.45
January 2007 .....	702,551,305.04	February 2010 .....	401,887,917.15	April 2013 .....	148,877,858.86
February 2007 .....	693,627,005.52	March 2010 .....	394,552,474.83	May 2013 .....	142,977,071.96
March 2007 .....	684,749,765.84	April 2010 .....	387,255,895.67	June 2013 .....	137,163,451.00
April 2007 .....	675,919,343.30	May 2010 .....	379,997,979.14	July 2013 .....	131,435,753.81
May 2007 .....	667,135,496.41	June 2010 .....	372,778,525.72	August 2013 .....	125,792,755.55
June 2007 .....	658,397,984.96	July 2010 .....	365,597,336.91	September 2013 .....	120,233,248.47
July 2007 .....	649,706,569.96	August 2010 .....	358,454,215.26	October 2013 .....	114,756,041.69
August 2007 .....	641,061,013.64	September 2010 .....	351,348,964.32	November 2013 .....	109,359,960.93
September 2007 .....	632,461,079.48	October 2010 .....	344,281,388.63	December 2013 .....	104,043,848.33
October 2007 .....	623,906,532.14	November 2010 .....	337,251,293.77	January 2014 .....	98,806,562.21
November 2007 .....	615,397,137.51	December 2010 .....	330,258,486.31	February 2014 .....	93,646,976.79
December 2007 .....	606,932,662.71	January 2011 .....	323,302,773.79	March 2014 .....	88,563,982.07
January 2008 .....	598,512,876.00	February 2011 .....	316,383,964.79	April 2014 .....	83,556,483.54
February 2008 .....	590,137,546.89	March 2011 .....	309,501,868.83	May 2014 .....	78,623,401.97
March 2008 .....	581,806,446.05	April 2011 .....	302,656,296.42	June 2014 .....	73,763,673.25
April 2008 .....	573,519,345.31	May 2011 .....	295,847,059.07	July 2014 .....	68,976,248.13
May 2008 .....	565,276,017.72	June 2011 .....	289,073,969.23	August 2014 .....	64,260,092.03
June 2008 .....	557,076,237.45	July 2011 .....	282,336,840.32	September 2014 .....	59,614,184.85
July 2008 .....	548,919,779.87	August 2011 .....	275,635,486.73	October 2014 .....	55,037,520.76
August 2008 .....	540,806,421.48	September 2011 .....	268,969,723.81	November 2014 .....	50,529,107.99
September 2008 .....	532,735,939.95	October 2011 .....	262,339,367.84	December 2014 .....	46,087,968.67
October 2008 .....	524,708,114.08	November 2011 .....	255,744,236.07	January 2015 .....	41,713,138.61
November 2008 .....	516,722,723.81	December 2011 .....	249,184,146.65	February 2015 .....	37,403,667.11
December 2008 .....	508,779,550.21	January 2012 .....	242,658,918.72	March 2015 .....	33,158,616.81
January 2009 .....	500,878,375.49	February 2012 .....	236,168,372.31	April 2015 .....	28,977,063.45
February 2009 .....	493,018,982.96	March 2012 .....	229,712,328.39	May 2015 .....	24,858,095.73
March 2009 .....	485,201,157.06	April 2012 .....	223,290,608.85	June 2015 .....	20,800,815.13
April 2009 .....	477,424,683.33	May 2012 .....	216,903,036.50	July 2015 .....	16,804,335.71
May 2009 .....	469,689,348.43	June 2012 .....	210,549,435.05	August 2015 .....	12,867,783.95
June 2009 .....	461,994,940.10	July 2012 .....	204,229,629.13	September 2015 .....	8,990,298.58
July 2009 .....	454,341,247.17	August 2012 .....	197,943,444.26	October 2015 .....	5,171,030.41
August 2009 .....	446,728,059.57	September 2012 .....	191,690,706.88	November 2015 .....	1,409,142.17
September 2009 .....	439,155,168.31	October 2012 .....	185,471,244.30	December 2015 and thereafter .....	0.00

### *Aggregate Group II Planned Balances*

<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>
Initial Balance .....	\$204,716,000.00	May 2006 .....	\$122,378,645.78	January 2007 .....	\$ 77,281,281.52
October 2005 .....	195,048,259.16	June 2006 .....	111,997,178.65	February 2007 .....	76,328,610.65
November 2005 .....	185,129,011.47	July 2006 .....	101,680,109.83	March 2007 .....	75,390,251.15
December 2005 .....	174,963,300.76	August 2006 .....	91,427,052.99	April 2007 .....	74,466,077.40
January 2006 .....	164,556,305.69	September 2006 .....	81,237,624.08	May 2007 .....	73,555,964.75
February 2006 .....	153,913,335.34	October 2006 .....	80,226,432.61	June 2007 .....	72,659,789.47
March 2006 .....	143,336,331.97	November 2006 .....	79,230,064.50	July 2007 .....	71,777,428.77
April 2006 .....	132,824,899.89	December 2006 .....	78,248,390.30	August 2007 .....	70,908,760.79

**Aggregate Group II (Continued)**

<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>	<u>Distribution Date</u>	<u>Planned Balance</u>
September 2007 . . . . .	\$ 70,053,664.57	September 2010 . . . . .	\$ 47,360,139.75	August 2013 . . . . .	\$ 36,751,495.47
October 2007 . . . . .	69,212,020.10	October 2010 . . . . .	46,930,004.10	September 2013 . . . . .	36,349,613.53
November 2007 . . . . .	68,383,708.23	November 2010 . . . . .	46,509,464.83	October 2013 . . . . .	35,937,129.18
December 2007 . . . . .	67,568,610.72	December 2010 . . . . .	46,098,432.18	November 2013 . . . . .	35,514,393.26
January 2008 . . . . .	66,766,610.26	January 2011 . . . . .	45,696,817.11	December 2013 . . . . .	35,081,749.44
February 2008 . . . . .	65,977,590.37	February 2011 . . . . .	45,304,531.22	January 2014 . . . . .	34,639,534.33
March 2008 . . . . .	65,201,435.48	March 2011 . . . . .	44,921,486.83	February 2014 . . . . .	34,188,077.66
April 2008 . . . . .	64,438,030.92	April 2011 . . . . .	44,547,596.93	March 2014 . . . . .	33,727,702.33
May 2008 . . . . .	63,687,262.83	May 2011 . . . . .	44,182,775.17	April 2014 . . . . .	33,258,724.56
June 2008 . . . . .	62,949,018.27	June 2011 . . . . .	43,826,935.87	May 2014 . . . . .	32,781,454.04
July 2008 . . . . .	62,223,185.11	July 2011 . . . . .	43,479,994.04	June 2014 . . . . .	32,296,193.97
August 2008 . . . . .	61,509,652.09	August 2011 . . . . .	43,141,865.31	July 2014 . . . . .	31,803,241.25
September 2008 . . . . .	60,808,308.79	September 2011 . . . . .	42,812,465.98	August 2014 . . . . .	31,302,886.51
October 2008 . . . . .	60,119,045.63	October 2011 . . . . .	42,491,713.01	September 2014 . . . . .	30,795,414.31
November 2008 . . . . .	59,441,753.87	November 2011 . . . . .	42,179,523.97	October 2014 . . . . .	30,281,103.17
December 2008 . . . . .	58,776,325.58	December 2011 . . . . .	41,875,817.13	November 2014 . . . . .	29,760,225.71
January 2009 . . . . .	58,122,653.66	January 2012 . . . . .	41,580,511.33	December 2014 . . . . .	29,233,048.75
February 2009 . . . . .	57,480,631.82	February 2012 . . . . .	41,293,526.07	January 2015 . . . . .	28,699,833.42
March 2009 . . . . .	56,850,154.59	March 2012 . . . . .	41,014,781.48	February 2015 . . . . .	28,160,835.24
April 2009 . . . . .	56,231,117.29	April 2012 . . . . .	40,744,198.31	March 2015 . . . . .	27,616,304.23
May 2009 . . . . .	55,623,416.04	May 2012 . . . . .	40,481,697.92	April 2015 . . . . .	27,066,485.00
June 2009 . . . . .	55,026,947.75	June 2012 . . . . .	40,227,202.29	May 2015 . . . . .	26,511,616.88
July 2009 . . . . .	54,441,610.14	July 2012 . . . . .	39,980,634.00	June 2015 . . . . .	25,951,933.96
August 2009 . . . . .	53,867,301.67	August 2012 . . . . .	39,741,916.25	July 2015 . . . . .	25,387,665.21
September 2009 . . . . .	53,303,921.59	September 2012 . . . . .	39,510,972.82	August 2015 . . . . .	24,819,034.59
October 2009 . . . . .	52,751,369.95	October 2012 . . . . .	39,287,728.08	September 2015 . . . . .	24,246,261.10
November 2009 . . . . .	52,209,547.52	November 2012 . . . . .	39,072,107.04	October 2015 . . . . .	23,669,558.91
December 2009 . . . . .	51,678,355.86	December 2012 . . . . .	38,864,035.23	November 2015 . . . . .	23,089,137.39
January 2010 . . . . .	51,157,697.27	January 2013 . . . . .	38,663,438.81	December 2015 . . . . .	20,209,009.59
February 2010 . . . . .	50,647,474.80	February 2013 . . . . .	38,470,244.50	January 2016 . . . . .	15,972,165.56
March 2010 . . . . .	50,147,592.23	March 2013 . . . . .	38,284,379.61	February 2016 . . . . .	11,787,140.57
April 2010 . . . . .	49,657,954.12	April 2013 . . . . .	38,071,593.91	March 2016 . . . . .	7,653,334.52
May 2010 . . . . .	49,178,465.71	May 2013 . . . . .	37,809,658.89	April 2016 . . . . .	3,570,154.10
June 2010 . . . . .	48,709,033.00	June 2013 . . . . .	37,499,597.60	May 2016 and thereafter . . . . .	0.00
July 2010 . . . . .	48,249,562.70	July 2013 . . . . .	37,142,416.90		
August 2010 . . . . .	47,799,962.24				

No one is authorized to give information or to make representations in connection with the Certificates other than the information and representations contained in this Prospectus Supplement and the additional Disclosure Documents. You must not rely on any unauthorized information or representation. This Prospectus Supplement and the additional Disclosure Documents do not constitute an offer or solicitation with regard to the Certificates if it is illegal to make such an offer or solicitation to you under state law. By delivering this Prospectus Supplement and the additional Disclosure Documents at any time, no one implies that the information contained herein or therein is correct after the date hereof or thereof.

The Securities and Exchange Commission has not approved or disapproved the Certificates or determined if this Prospectus Supplement is truthful and complete. Any representation to the contrary is a criminal offense.

**\$1,750,000,000  
(Approximate)**



**Guaranteed REMIC  
Pass-Through Certificates  
Fannie Mae REMIC Trust 2005-88**

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**PROSPECTUS SUPPLEMENT**

**Goldman, Sachs & Co.**

**August 22, 2005**